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JPRS-CEA-86-049

25 APRIL 1986

# China Report

ECONOMIC AFFAIRS

19980318 167

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25 APRIL 1986

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## PROVINCIAL AFFAIRS

## JILIN REPORT ON ECONOMIC, SOCIAL DEVELOPMENT PLAN

SK092250 Changchun JILIN RIBAO in Chinese 23 Mar 86 p 2

[Report on "Jilin Provincial 1986 Plan for National Economic and Social Development (draft)" given by Li Decheng, director of the Jilin Provincial Planning and Economic Commission, at the Fourth Session of the Sixth Jilin Provincial People's Congress on 9 March]

[Text] Fellow deputies:

Entrusted by the provincial people's government, I will now submit to this session a report on the fulfillment of the Jilin provincial 1985 plan for national economic and social development and on the arrangements for the 1986 plan for your examination and discussion.

#### 1. The Fulfillment of the 1985 Plan

The year 1985 was the last year for implementing the Sixth 5-Year Plan. With the guidance of the guidelines of the 3d Plenary Session of the 12th CPC Central Committee, the people of various nationalities throughout the province united as one, and worked hard. The "Report on the Jilin Provincial 1985 Draft Plan for National Economic and Social Development" discussed and approved at the third session of the sixth provincial people's congress was fulfilled better than expected, and new progress was achieved in the national economy and other various social undertakings. The gross industrial and agricultural output value of the province reached 30.2 billion yuan, a 9-percent increase over 1984; the revenue was 2.167 billion yuan, a 22-percent increase over 1984 in terms of comparable standards; and the national income was 16.97 billion yuan, an 8.8-percent increase over 1984. A new situation emerged in which production and circulation were mutually promotive, growth rate and economic results increased simultaneously, development of production linked closely with improvement of the people's living standards, and the relations among the major sectors of the national economy became more balanced. The economy of our province is marching toward the road on which the growth rate is fairly realistic, economic results are better, and the people can gain more real benefit.

We conquered serious natural disasters, and wrested a fairly good harvest in agriculture. Last year while continuing to improve the output-related contract responsibility system, the rural areas carried out the second step of the reform, further readjusted the production setup, and held large-scale discussions on ways of becoming better-off, thus sparking the peasants' enthusiasm for developing commodity production. Under the leadership of CPC committees and government at all levels, and with the great support of the PLA, the people throughout the province went all out in the work, and conquered the serious natural disasters. Agricultural harvest was better than expected. The total grain output of the province was 12.25 million tons, the third highest since the founding of the country. The province procured and purchased through negotiations 4.5 million tons of grain, which was also a fairly high figure. In grain production, we increased paddyfields by 570,000 mu, and made the total paddyrice output reach 1.837 million tons while maintaining a stable growth in corn. Soybean fields increased by 1.22 million mu, and its output reached 904,000 tons. Fairly good harvests were also reaped in cash crops, such as beets, oil-bearing crops, and flue-cured tobacco. The output of oil-bearing seeds was 484,000 tons, that of flue-cured tobacco 15,000 tons, that of beets 877,000 tons, and that of ginseng 5,167 tons. The output value of cash crops registered a 10.5-percent growth over the previous year, and they still provided a fairly great amount of raw materials for industrial production in a year of serious disasters.

Animal husbandry showed great improvement. Last year the animal husbandry output value reached 1.26 billion yuan, up 36.2 percent from the previous year, and its proportion in the total agricultural output value rose from 10.4 percent in the previous year to [words illegible]. The price decontrol of hogs changed the situation in which the number of hogs in stock had declined for 4 years in succession, and the year-end number of hogs in stock reached 4.97 million, 20.6-percent over the previous year; and that of draft animals was 2.946 million, a 5.4-percent increase. The output of pork, beef, and mutton was 299,000 tons, an increase of 14.1 percent; the number of poultry went up to 49.35 million, an increase of 31.5 percent; the output of eggs was 172,000 tons, an increase of 9.2 percent; and that of aquatic products was 29,600 tons, an increase of 38.3 percent.

In the development of township enterprises, a new situation in which townships, villages, and household groups, individual households, and other co-operative associations competed with one another in establishing the enterprises emerged. Both the output value, and the profit and taxes of the enterprises showed substantial increases. According to statistics of comparable items, their output value reached 3.92 billion yuan, up 22 percent from the previous year. Despite the fact that the grain output of the province declined by more than 3 million tons from the actual figure of the previous year, its agricultural output value reached 8.68 billion yuan (including the output value created by the industrial enterprises at and below the village level), showing a decline of merely 3 percent from the previous year. Through wide activities to provide for ourselves by production, we achieved greater development in the diversified economy, repaired the works damaged

floods very quickly, and thus created favorable conditions for restoring agricultural production to a level prior to the disasters.

Industry was developed in a sustained, steady, and coordinated manner. The economic results of industrial enterprises increased notably. In line with the principle of "carrying out reform, opening to the outside world, and enlivening the domestic economy," last year, the industrial departments attached importance to raising the economic results and extensively carried out the activities of "increasing production, practicing economy, increasing revenue, reducing expenditure, increasing economic results, and supporting the disaster-stricken areas." Under the circumstances of having more factors for reducing profits, the enterprises put the stress on tapping their potential and enhancing their self-digestion capacity. The industrial departments realized increases in output value, profits and taxes, and revenue at the same pace for 4 successive years. In 1985, the total industrial output value of the province reached 21.52 billion yuan, an increase of 14.8 percent over the previous year. When added to the output value of industrial enterprises run by units at or below the village level, the total industrial output value of the province was 22.82 billion yuan, an increase of 16 percent over the previous year. The output of most major industrial products met or topped the planned targets. Light and heavy industries were developed coordinatedly. The production structure became more and more rationalized. The proportion of light industry showed an increase of 17.5 percent over that of last year, higher than the heavy industry's growth rate of 13 percent. The output of marketable consumer goods increased by a big margin. Last year, the province produced 336,000 washing machines, an increase of 28.1 percent over 1984; 451,000 bicycles, an increase of 52.1 percent; 4.881 million meters of woolen goods, an increase of 28.4 percent; 316,000 cases of cigarettes, an increase of 21 percent; 118,000 tons of beer, an increase of 32.4 percent; 2.539 million pieces of furniture, an increase of 20.8 percent; and 242,000 television sets, an increase of 70.8 percent.

The output of energy resources and major raw materials increased sustainedly. The output of raw coal was 23.12 million tons, an increase of 11.3 percent; electricity generation was 13.38 billion kwh, an increase of 1.6 percent; the output of rolled steel was 433,000 tons, an increase of 11 percent; that of pig iron was 403,000 tons, an increase of 17.7 percent; that of ferroalloy was 200,000 tons, an increase of 22.7 percent; that of cement was 2.956 million tons, an increase of 15.1 percent; that of plate glass was 1.322 million heavy cases, an increase of 11.4 percent; that of soda ash was 18,000 tons, an increase of 20 percent; and that of timber was 6.35 million cubic meters, remaining the level of last year.

Notable progress was made in developing new products. The quality of products ceaselessly improved. Last year, 20 industrial products won state gold and silver quality prizes, and 87 industrial products were assessed by the ministry for their good quality. The prizes won last year hit an all-time high. Among the 80 products whose quality was assessed by the province, 93 percent steadily improved their quality. The province developed 1,450 new products, an increase of 29.8 percent over 1984.

The province comprehensively fulfilled the plans for transportation, posts and telecommunications, and geological prospecting. The volume of freight handled by railways and roads respectively, increased by 8.7 percent and 5.9 percent over the 1984 figures. The number of passengers carried by railways and roads, respectively, increased by 9.5 percent and 8.6 percent. The total transaction of posts and telecommunications increased by 18.2 percent. The geological prospecting was 120,000 meters of footage, overfulfilling the plan by 3 percent.

Economic results further improved. The profits and taxes handed over to the higher levels by the province's industrial enterprises reached 1.978 billion yuan, an increase of 17.5 percent. The profits and taxes realized by the local budgetary industrial enterprises reached 1.875 billion yuan, an increase of 21.7 percent over the previous year. The profits and taxes offered by each 100 yuan's worth of output value reached 21.21 yuan, an increase of 1.89 yuan over that of last year. The turnover period for working funds was shortened by 8.9 days, an increase of 7.1 percent. The per capita labor productivity of state-owned enterprises reached 11,879 yuan, an increase of 7.1 percent over last year.

Greater progress was made in technological transformation. The pace of key projects accelerated. While grasping the technological transformation among small and medium-sized enterprises, last year, the province paid attention to conducting technological transformation among some large enterprises. In accordance with the policies of enhancing the self-transformation capacity, the enterprises generally carried out a system of being responsible for undertaking projects and strengthened production management, thus accelerating the pace of technological transformation projects, 806 were put into operation last year. The investment in technological transformation last year reached 810 million yuan, an increase of 77.6 percent over that of last year. In 1985, the province signed agreements with foreign countries on importing 166 technological items, involving \$112.55 million; and signed 27 contracts on using foreign capital, involving \$24.54 million.

The province fulfilled the state-assigned plan for controlling the scale of investment in capital construction. The pace of key construction projects accelerated. Last year, the province invested 1.75 billion yuan in capital construction, showing an increase of 19.3 percent over the previous year and fulfilling 94.6 percent of the state-assigned plan of 1.85 billion yuan. The province completed 98.9 percent of the 18 state large and medium-sized construction projects. The annual plans for 21 local key projects were fairly completed. Of this, the expanded Changchun Dafangshen Airport formally resumed flights last November. After the expansion, large planes were able to take off and land at the airport and new air routes from Changchun to Beijing, Shanghai, and Guangdong were opened. This has created conditions for expanding external economic and technological exchange and developing tourist trade.

Urban and rural markets were brisk and foreign export trade hit an all-time high. Last year, further progress was made in the reform of the circulation

system, circulation channels were increasingly expanded, and urban and rural markets became more brisk. The volume of retail sales of commodities reached 12.41 billion yuan, an increase of 18.6 percent over that of last year. The transaction volume of urban and rural trade fairs was 1.36 billion yuan, an increase of 45.8 percent. The purchases and sales of means of production were brisk. The total annual purchases of means of production and the total annual sales of means of production increased by 36.3 percent and 44.6 percent respectively. Great changes took place in the structure of consumer goods. Increases were made in such commodities as food, clothing, and daily consumer goods. The volume of retail sales of food increased by 24.7 percent, that of clothing increased by 14.2 percent, and that of daily consumer goods increased by 24.7 percent.

Prominent progress was made in foreign export trade. In 1985, the volume of foreign export trade increased by 71 percent over that of 1984. Foreign exchange earned through exports hit an all-time high. Faster progress was made in tourist trade. The foreign exchange earned by tourist trade increased by 35.5 percent over 1984. The sum earned from undertaking foreign projects and offering labor service to foreign countries showed an increase of 11.3 percent over that of last year.

Revenue increased steadily. Revenue and expenditure were balanced with a little surplus. From 1st year, our province began to carry out a new financial system of "determining categories of taxes, checking and ratifying revenue and expenditure, and assigning tasks to each level, with the assigned tasks being valid for 5 years." Thanks to the development of production, the expansion of circulation channels, and improvement of economic results, revenue increased by 22 percent if calculated in terms of comparable items. Spending in various fields increased to varying degrees owing to increases in revenue. The province's expenditure increased by 18.9 percent over the previous year if calculated in terms of comparable items. Revenue and expenditure were balanced in 1985 with a surplus higher than that of 1984. This basically ensured a normal development of all undertakings and suited the [words indistinct] wages and pricing reform and the disaster-combating and rescue work.

Notable achievements in science and technology and education were made. New progress was made in all social undertakings. While enthusiastically conducting the reform of educational and scientific and technological systems, last year, the province made more investment in intellectual development. The funds for developing cultural and educational, scientific research, and public health undertakings increased by 158.61 million yuan, an increase of 21 percent over that of last year. Of this, funds for education increased by 25.1 percent, higher than the province's expenditure growth rate of 18.9 percent.

The ranks of scientific and technological personnel ceaselessly expanded. New scientific research findings were made. The number of scientific and technological personnel in state-owned units reached 379,000 in 1985, an increase of 15,000 persons over that of last year. A total of 374 scientific



research findings were appraised, and 96 scientific research findings won prizes. A total of 210 new technological items were popularized, and notable achievements in popularizing 10 new technological items such as rare-earth elements and organic silicon products were made. Faster progress was made in the application of microcomputers.

Educational development was promoted through reform. Last year, the province enrolled 1,861 graduate students, 996 students more than last year. Regular institutions of higher learning enrolled 16,477 students, 2,443 students more than last year. Of this, the institutions of higher learning under the jurisdiction of the province enrolled 8,283 students, 1,195 students more than last year. Regular secondary specialized schools enrolled 21,981 students, 1,592 students more than last year. Of this, secondary specialized schools under the jurisdiction of the province enrolled 14,624 students, 1,426 students more than last year. Technical schools and agricultural vocational schools enrolled 90,900 students, 17,000 students more than last year. Adult schools of various categories enrolled 35,250 students, an increase of 4,320 students. Of this, adult schools under the jurisdiction of the province enrolled 20,890 students, 1,374 students more than last year. A total of 97.7 percent of school-age children throughout the province attended primary schools.

Public health and medical conditions continued to improve, and family planning yielded fairly good results. Last year the number of hospital beds throughout the province totaled 71,000, 1,400 more than the previous year; and professional health workers numbered 105,000, 1,890 more than the previous year. The total population of the province was 22.98 million, 135,000 more than the year-end figure of 1984. The natural population growth did not exceed the state quota. The work to treat pollution was strengthened, and the people's living environment showed improvement.

New progress was also achieved in radio and television broadcasting, culture, sports, press, and publication. Last year the main project of the provincial color television center was basically completed, and two microwave circuits from Changchun to Yanbian and from Changchun to Jian were installed. The radio coverage of the province reached 75.1 percent, and television coverage 65.5 percent. More than 6 million people throughout the province participated in various sports activities, and athletes of the province achieved fairly good results in international and domestic competitions.

The people's living standard continued to improve, and the people's minds were at rest in the year of serious disasters. The living standards of the people in urban and rural areas showed further improvement thanks to developed production, the wage reform, and various measures to stabilize commodity prices, support the poor and disaster-afflicted people, ensure social welfare, and develop the tertiary industry. Staff members and workers throughout the province totaled 4.495 million, showing an increase of 182,000 over the previous year, and the total wage bill was 4.74 billion yuan, an increase of 20.7 percent. The average per-capita wage of staff and workers was 1,081 yuan,



a 16.7-percent over the previous year, and when considering the rise in the cost of living index, the actual increase was 5.8 percent. Due to the serious losses in agriculture, the per-capita net income of peasants declined from the previous year, totaling 413.7 yuan. The year-end urban and rural savings deposits reached 4.4 billion yuan, a 28.4-percent over the previous year. State-owned units and urban collective units built 2.92 million square meters of housing, and peasants built 9.95 million square meters of housing.

CPC committees and governments at all levels paid great attention to the lives of the people in disaster areas, and exerted great efforts to carry out rescue work. Last year 222 million yuan was used for disaster relief, and more than 30 million yuan was used to compensate flood insurance policy buyers. In the disaster areas of the province, 274,000 houses were rebuilt or repaired, and 48,000 tons of grain were supplied to the people, basically enabling them to have houses, clothing, and food, and enjoy medical treatment.

Last year in the course of implementing the plan, our province conscientiously carried out the state's call for strengthening macroeconomic control, strictly controlled the fixed assets investment, consumption funds and foreign exchange usage in line with the quotas prescribed by the state, and paid attention to making an overall plan for the province by integrating macroeconomic control with microeconomic flexibility, thus ensuring a stable and health development in the province's economy.

Although the various plans for last year were fulfilled fairly satisfactorily, some problems still existed. First, the low levels in industrial technology, management, and product quality were not radically changed, the economic results in some aspects were not ideal enough, and the production cost and deficits of enterprises rose. The ability of enterprises for transforming and developing themselves was rather poor, their strength was not sufficient, and destabilizing factors still existed in industrial development. Second, the ability of agricultural facilities for resisting natural disasters was rather poor, many difficulties remained in restoring and developing production, production funds fell short, the tasks for repairing flood-damaged works and managing farmland were heavy, and the rural production setup had yet to be further readjusted. Third, production structure and product mix lagged behind the changes in consumption pattern, the contradiction between market supply and demand was rather conspicuous, and the supply of quality brand-name durable consumer goods fell short of demand. The tasks for making production and circulation flourish, improving supply, and stabilizing market prices remained arduous, and a great amount of work had yet to be finished. Fourth, due to a rather poor economic foundation, revenues were rather low, financial resources fell short, supply of funds were strained, some projects for economic construction, social development and the people's lives which should have been completed were stopped for the time being, and, in particular, arduous efforts had to be exerted to develop education and build urban public utilities. Fifth, the work concerning the overall balance of plans did not meet the needs in reform, opening to the outside world, enlivening the domestic economy, and developing the planned commodity economy,

some measures for controlling the macroeconomy and invigorating the microeconomy were not perfect or coordinative, arrangements for some fields were not worked out in a careful and coordinated manner, and extremely great efforts had to be made in the reform of the planning system. With regard to the problems in the present economic and social development, we should take them seriously, and solve them with great efforts in order to consolidate and develop the excellent situation.

## 2. The Tasks and Major Targets of the 1986 Plan

This year is the first year for implementing the Seventh 5-Year Plan, and it is very important to successfully work out this year's plan. Based on the central authorities' proposal for the Seventh 5-Year Plan, and the work tasks defined by the provincial CPC committee and government for this year, the focal points as arranged in the 1986 plan for national economic and social development are: to achieve a greater success in the key construction projects of energy, postal and telecommunications, and raw material industries, and step up the technical transformation of the existing enterprises; to greatly develop the production of readily marketable commodities, increase market supplies, and maintain a basic stability in commodity prices; to intensify the development of intellectual resources so as to train more talented people and upgrade science and technology; to expand foreign economic and technological exchanges, and raise the level of foreign exchange earning through exports; and to strive to improve the people's living standards on the basis of developed production. The major targets of the plan are: to make the gross industrial and agricultural output value reach 32.47 billion yuan, a 7.5-percent increase over last year; to restore agricultural production to a level prior to the disasters, making the grain output reach 15 million tons, and the agricultural output value increase by 6 percent; to achieve a sustained, stable, and coordinated development in agriculture, and to increase the industrial output value by 8 percent while arranging for production in line with a 10-percent increase target; and to make the national income reach 18.24 billion yuan, a 7.5-percent increase over last year. Specific tasks and major targets of various plans are arranged as follows:

### 1) Restore Grain Production to a Level Prior to the Disasters, and Achieve a Great Development in Animal Husbandry and Township Enterprises

This year it is necessary to further readjust rural production setup, accelerate forestry, animal husbandry, sideline production, fisheries, and diverse undertakings in line with local conditions and on the premise of stepping up grain production, and spur the rural economy to develop toward specialization, commercialization, and modernization.

In grain production, we should continue to give play to the advantage of corn, actively develop paddyrice production, and properly increase soybean areas. The planned grain output will be 15 million tons, 2.75 million tons more than last year. The planned corn acreage will be 26 million mu, 810,000 mu more than last year; and its output will reach 10 million tons, an increase

of 2.07 million tons. Paddyfields will reach 5.55 million mu, 700,000 mu over last year (including vinyl-covered areas and areas for upland rice); and the output will be 2.25 million tons, an increase of 400,000 tons. Soybean acreage will be 8 million mu, 850,000 mu more than last year; and its output will reach 1 million tons, 100,000 tons more than last year. Grain purchasing contracts should be improved continuously, and a series of policies encouraging grain production should be adopted to further arouse the peasants' enthusiasm for grain production. We should strive to improve agricultural production conditions, popularize the advanced technologies of resisting low temperatures and accelerating ripening, and step up the farmland improvement projects focusing on preventing waterlogging. We should collect funds from various sources, do a good job in the supply of the means of production, and increase investment in grain production to ensure a steady growth.

It is necessary to vigorously develop cash crops. Under the plan, the output of beets should reach 1.2 million tons, up 36.8 percent over the previous year; that of flue-cured tobacco 18,000 tons, up 20 percent; and that of oil-bearing seeds 625,000 tons, up 29.1 percent. Beets, sunflower seeds, flue-cured tobacco, and red sun-cured tobacco should be cultivated and purchased in line with contracts in order to meet the needs of markets and industrial production.

The diversified economy with an emphasis in animal husbandry should be vigorously developed. We should fully display our province's favorable conditions of plentiful grain and ample animal feed resources, and prominently grasp the production of hogs, cattle, sheep and poultry. Under the plan, the number of hogs slaughtered should reach 3.5 million, an increase of 8.5 percent over last year; the number of cattle in stock should reach 1.85 million, an increase of 5.2 percent; the number of sheep in stock should reach 1.9 million, an increase of 6.2 percent; the output of pork, beef, and mutton should reach 305,000 tons; and the output of eggs should reach 175,000 tons. It is necessary to fully use the existing water areas for developing fisheries. We should give priority to developing fish farming using purse seine and precision pond fisheries and to supporting areas with favorable conditions to carry out large-scale fish farming undertakings. Under the plan, the fish output should reach 30,000 tons. In forestry, we should implement the policy of using forest resources to support forestry, combine tree felling with planting, pay attention to building forests, and continue to build forest shelter belts in northwest, north, and northeast China. It is planned that the afforestation area should reach 3 million mu. It is necessary to vigorously develop the production of native products with a focus on ginseng. Under the plan, the ginseng output should reach 5,500 tons.

In township enterprises, we should implement the policy of "actively supporting them, making rational plans for them, giving them correct guidance, and strengthening management," focus the work on agriculture with an emphasis in the development of such service trades as processing, storage, packing, and transporting farm products. Areas where conditions permit should develop mining and the building materials industry. Under the plan, the output value of these two sectors should show an increase of 27.6 percent respectively over

last year. Vigorous support should be given to township enterprises in terms of technology, competent personnel, funds, and material resources.

2) Along With the Growth of Economic Results, Industry Should Also Maintain a Proper Growth Rate and Be Developed in a Sustained, Steady, and Coordinated Manner.

In order to guarantee market supplies, exports, and financial revenue, and to create good conditions for reform, industry must have a proper growth rate. Under the state plan, this year, the total industrial output value should show an increase of 8 percent over last year. Such a demand conforms to our province's reality. This year, our province plans to increase its total industrial output value by 8 percent over last year and to organize production in line with a 10-percent growth plan.

Vigorous efforts should be made to increase the production of products that can find a ready market, to increase the production of quality brand-name durable consumer goods, to increase supplies, and to withdraw money from circulation. Under the plan, this year, the output of household washing machines should reach 490,000 sets, an increase of 46.1 percent over last year; that of bicycles 600,000, up 33 percent; that of beer 207,000 tons, up 10.5 percent; that of sugar 85,000 tons, up 18.9 percent; that of canned food 14,000 tons, up 37.8 percent; that of cigarettes 390,000 tons; that of machine-made paper and paper boards 430,000 tons; and that of chemical fibers 21,000 tons. In the production of commodities suited to market demand, we may continue to ask for bank loans, to use foreign exchange, and to have priority in guaranteeing energy and raw materials supplies and in transport facilities. In the production of unsalable products in excessive supply, we should restrict the production, fix the output quotas according to the sales amount, and properly cut the production in our plans.

Continued efforts should be made to increase the production of the energy and raw materials industries. Under the plan, the power output should reach 13.15 billion kwh, of which 3.6 billion kwh should be generated by hydroelectric power stations; the raw coal output 19.99 million tons, of which 12.19 million tons should be produced by the state unified distribution mine and 7.8 million tons should be produced by local collieries; crude oil output 2.2 million tons; steel output 370,000 tons; pig iron output 390,000 tons, rolled steel output 400,000 tons; ferralloy output 175,000 tons; carbon products 104,000 tons; cement 2.8 million tons, plate glass 1.6 million heavy boxes [zhong xiang 6850 4630]; chemical fertilizer 243,200 tons; plastics 360,000 tons; timber 6.3 million cubic meters; and artificial plywood 112,700 cubic mebers. While increasing the production of energy and raw materials, we should strictly implement the distribution and allocation plans for the products that are subjected to the state unified distribution and supply contracts, and develop markets for the means of production and invigorate commodity circulation in a step-by-step manner.

We should improve economic results in a comprehensive manner chiefly through upgrading product quality and reducing material consumption. According to this year's plan, the rate of steady quality improvement will reach 95 percent; the output value of quality products in the total industrial output value will be raised to 20 percent; 2,000 kinds of new products will be developed by industrial enterprises throughout the province; raw material consumption will decline by 3 percent; the rate of steady reduction of raw material and fuel consumption in producing major industrial goods will reach 90 percent; the production cost of comparable products will drop by 1.3 percent; the deficits of loss-making enterprises will be reduced by 20 percent; the turnover rate of circulating funds will increase by 3 percent; and the per-capita productivity of state-owned industrial enterprises will grow by 5.5 percent. We should widely introduce the quality control system to enterprises, strengthen quality supervision, and link quality targets with the political honor and material benefits of staff members and workers so that they will have a say in the distribution of bonuses. We should establish funds for development of new products, and organize various forms of associations joined by scientific and technological units and production units in order to facilitate the development of new products. We should establish and improve the systems to ensure energy conservation and consumption reduction, and apply the method of awarding those which conserve energy, and punishing those which exceed consumption quotas to the consumption of raw materials and fuels. Conscientious efforts should be made to solve the problem of strained circulating funds of enterprises, and realistic measures should be adopted to extend loans to the enterprises which carry out normal and rational production and which need circulating funds. Enterprises should strive to activate funds, reduce their irrational occupation, and accelerate their circulation.

We should further invigorate communications and transportation. In line with the principle of "making overall plans, considering both passenger and freight transportation, ensuring the key materials, and attending to ordinary materials," we should strengthen the organization for transportation, readjust transportation structure, tap potential, and guarantee the transportation of such key materials as grain, coal, timber, means of agricultural production, light industrial and textile products, and export goods. According to this year's plan, 61.45 million tons of goods and 81.7 million passengers will be transported by train, 17.34 million tons of goods and 79.28 million passengers by vehicle, 170,000 tons of goods and 40,000 passengers by inland water ship, and 1,500 tons of goods and 55,000 passengers by plane. Post and telecommunications departments will further tap potential to improve service. Their planned transactions will total 94.7 million yuan.

We should deepen the reform, strengthen management, develop cooperation, and further invigorate enterprises. We should earnestly implement the regulations of the CPC Central Committee and the State Council on expanding the decision-making power of enterprises, promoting technological progress, and invigorating large and medium-sized enterprises, intensify and improve the economic responsibility system and ideological and political work of enterprises, which are the two major systems to ensure the operation of enterprises, and fully arouse the enthusiasm of staff members and workers. Enterprises should rely on both management and cooperation with others. They should enhance their



competence through improved management and technological progress, and should enhance their vigor through opening to and cooperating with others so that they will continue to advance along the track of improving economic results.

3) Bring the Scope of Fixed Assets Investment Under Control, Readjust Investment Structure, Strengthen Key Projects and Technical Transformation, and Improve Investment Results.

Controlling the fixed assets investment is the key to whether we can develop the economy in a stable manner. According to the arrangements of the state plan, the fixed assets investment in the first 2 years of the Seventh 5-Year Plan period should roughly maintain the same level as in 1985 when the plan was adjusted.

In capital construction, priority should be given to the construction of energy, communications, and raw material industries, and urban infrastructure. Attention should also be paid to combining the overall improvement of the environment with urban planning and construction of infrastructure in order to enhance our ability for comprehensive management. We have planned a group of key projects, such as the Shulan, Hunchun and Tonghua mining areas, the exploration and development of the Jilin oilfield, the Baishan, Laohushao and Hongshi hydropower stations, the Jilin and Changshen thermal power plants, the Changbaishan forest area, the Xiguan thermal power plant in Jilin city, Changchun's Dafangshen airport, the Xinlicheng reservoir, the second water resource of Changchun, and the provincial color television center. Funds raised by the provincial finance department will be used mainly in education, culture, public health, radio and television broadcast, as well as housing construction for intellectuals.

In technical transformation, we should give priority to guaranteeing the construction of projects carried over from last year and those imported projects in line with the principle of concentrating funds on guaranteeing key projects and acting according to one's capability. The key technical transformation projects are the Tonghua iron and steel company, the Jilin paper mill, the Jilin chemical industrial company, the Jilin oilfield, and the Changchun tractor plant. On the basis of preparing for the construction of new projects, we should ensure the source of funds and make arrangements for the construction when the conditions are ripe. Efforts should be made to grasp the utilization of foreign capital and the work of importing technologies. Under the province's arrangements, the transaction volume of technology imports should be maintained at last year's level. Attention should be paid to raising the minimum requirements for technology imports, strive to integrate the work of importing, assimilating and creating together, and speed up the pace of domesticization.

The state has adopted vigorous measures to strictly control the scope of investment in fixed assets. We should also make proper arrangements for this work in line with the state assigned quotas. We should conscientiously sort out the projects under construction, and resolutely carry out projects that should be carried out and stop those that should be delayed, in the

order of priorities. We should also give priority to arranging for projects that have to be continued and finished, and the projects that should be completed and put into production this year. In principle, no new project will be initiated. We should establish the responsibility system in projects, strengthen management, ensure the quality of projects, reduce construction cost, and speed up the progress of projects in order to yield beneficial results as soon as possible. Meanwhile, we should grasp the early-stage work for the construction of projects in line with the stipulations for the capital construction procedures, and make preparations for the projects.

4) We Should Vitalize Circulation, Further Invigorate the Urban and Rural Markets, Expand Foreign Trade, and Raise the Level of Creating Foreign Exchange Through Exports.

In line with market supply and demands, this year, the total retail sales of commodities are estimated to increase by 10.3 percent over last year. Judging from the total amount of social commodities, the supply will generally meet the demand. However, we still need to try all possible means to organize the source of goods and increase the supply of marketable commodities because the people's reserve purchasing power is great, the structure of the stockpiled commodities is irrational, and the supply of marketable commodities is inadequate. Priority should be given to grasping the supply of commodities such as textile products, nonstaple foodstuffs, foodstuffs, household electric appliances, brand-name products, and the means of agricultural production. Under the plan, the output of pure cotton fabrics, polyester fabrics, medium- and long-staple fabrics should reach 36 million meters, an increase of more than 400 meters over last year. The state commercial [words indistinct] procure 800,000 hogs, up 24.2 percent; and the sales of hogs should reach 1.1 million head. Thus, the market will be basically stabilized. The business volume of vegetables made by state commercial units should reach 679,0 [as received] tons, up 28.6 percent over the previous year and the major source of popular vegetables should be basically ensured. The sales of edible sugar should reach 94,000 tons, an increase of 7.4 percent over the previous year. The sales of grain should reach 2.55 million tons and those of petroleum and refined oil should reach 530,500 tons, the same as last year. The contradictions between supply and demand are still very acute, therefore, we must economize on oil utilization in an effort to guarantee oil supply for key projects. The supply of chemical fertilizer should reach 2.4 million tons which is about the same amount of chemical fertilizer actually used in 1984. This will basically ensure the supply of needed chemical fertilizer for restoring grain production to the level prior to the disasters. Continued efforts should be made to reform the commercial sector in cities, open up new circulation channels, increase the number of new business forms, and improve the supply and service work in an effort to meet the ever-increasing demands of "diversified, high-grade, and convenient" consumer goods. The rural supply and marketing cooperatives should be realistically changed from "being run by the government to being run by the people," and should provide specialized and serialized services. The state commercial units should play a dominant role, actively participate in market regulation, ensure a continuous supply and stable prices, and stabilize the general market situation.

We should make vigorous efforts to organize the source of marketable products for export and raise the level of earning foreign exchange in order to meet the needs of opening to the outside world, importing technology, and using foreign funds. Under the plan, this year's exports should show an increase of 48.7 percent over last year's planned figure. Under the state support, we should properly arrange for financial and material resources, strengthen the corn production and transport systems in an effort to make corn become our province's long-term, stable, and competitive export product. We should grasp the export of such staple products as textile, local and livestock, light industrial, and mineral products, and should gradually expand the export proportion of industrial and mineral products. Efforts should be made to improve the quality of export goods and the skills for packing such goods in order to strengthen their competitiveness. We should strive to promote the sale of export goods, and open and develop more international markets. We should make concerted efforts to develop foreign trade in order to prevent the outflow of our fertile resources. We should strengthen the internal coordination, appropriately handle the relationship between the sales in and outside the country, and strive to provide more products for export. Effective measures should be adopted to encourage export in order to fully spark the initiative of enterprises in exporting goods and earning foreign exchange. Continued efforts should be made to develop tourism and labor service export, to undertake more building projects for foreign countries, and to increase income from non-trade foreign exchange

5) Strengthen Financial and Banking Work, Continue To Maintain a Steady Increase in Revenue, and Strive To Attain a Balance Between Credit Receipts and Payments.

In accordance with the state-assigned target for the province's revenue, in line with the 1986 national economic and social development plan, and giving consideration to various factors for income increase and reduction, the planned 1986 revenue target will be 8.3 percent higher than the next revenue of 1985.

In terms of comparable standards of calculation, the planned 1986 target of expenditure will be 12.5 percent higher than that of 1985. We have made arrangements for various expenditure items in line with the principle of acting up to our capability, and doing our best to ensure the construction of key projects without neglecting ordinary projects. In the 1986 budget of our province, appropriations for supporting agriculture, developing science and technology, maintaining and repairing urban facilities, carrying out enterprise renovation, and tapping potential of enterprises will considerably increase over 1985. Meanwhile, allocations for culture, education, science, and public health will also increase considerably.

We should continue to reform the financial and tax structure, and correctly exploit the role of various financial policies. We should further improve the present financial systems, establish and improve the financial departments



at the town or township level, and intensify the economic strength of towns and townships. We should appropriately raise the level of after-tax retention of enterprises, reduce the regulatory taxes of large and medium-sized enterprises in a planned and step-by-step manner, and enhance the self-renovation and self-development capability of enterprises in order to cultivate more financial sources. We should exercise strict control over expenditures, continue to enact the methods of controlling plans, targets and funds, and strive to give overall considerations, make reasonable arrangements, and allow some leeway in this regard.

This year there still will be a sharp contradiction between the supply and demand of credit funds. We should not only strengthen the macroeconomic control but also improve the supply methods so that we can further invigorate production. We should adopt feasible measures to open up more fund circulation channels, should try every possible means to increase savings deposits, and should strive to appropriately manage and utilize the circulating funds and strengthen the management, regulation, and circulation of funds in order to ensure the demand of funds for production and circulation and to invigorate the economy.

6) Attend to Intellectual Development, and Further Develop the Educational, Scientific, Technological, and Other Social Undertakings.

In terms of the educational undertakings, we should accelerate the pace of reform, pay attention to the basic education, readjust the layers of schools and the professional structure, offer those specialities which are urgently needed, strengthen the building of teacher training bases, improve conditions for running schools, improve teaching quality, and accelerate the training of competent people. According to the 1986 plan, the enrollment rate of school-age children will reach 98 percent, and 89.6 percent of primary school graduates will enter middle schools. This year the enrollment of the provincial-run regular higher educational institutes will reach 9,125,842 more than last year; that of the provincial-run regular secondary specialized schools, 15,440,816 more than last year; and that of the adult higher educational institutions, 27,077,187 more than last year. We should strengthen the education for workers and staff members and the training of cadres.

In science and technology, we should continue the principle of gearing science and technology to the needs of economic construction, make good arrangements for solving key technological problems of major scientific and technological research projects, conscientiously implement the "spark plan," and facilitate the integration between science and technology, and the economy. We should continue to pay attention to the popularization of new technologies, open up technology markets, and turn scientific research achievements into realistic productive forces as quickly as possible. We should extensively encourage the masses to suggest ways and means for rationalizing production and for minor reforms so as to promote the technological progress of enterprises.

In public health, we should continuously carry out the principle of "putting prevention first, taking both urban and rural areas into account, and combining traditional Chinese medicine with Western medicine," adopt various measures to run hospitals, improve service, and upgrade medical quality. We should step up the prevention and treatment of contagious, endemic, and occupational diseases, and the diseases of women and children, thoroughly carry out the patriotic public health campaign, and further improve urban and rural health environment. Construction of the provincial tumor hospital, the provincial traditional Chinese medicine and medicinal herb research institution, and the inpatient department [words indistinct] College of Traditional Chinese Medicine should be accelerated. This year the hospital beds throughout the province are planned to increase by 1.5 percent, and the professional health workers by 2.3 percent. Family planning should be [word indistinct] successfully. This year the natural population growth of the province should be brought under 10.4 per thousand, and its total population is planned to be 23.22 million. We should plant trees in urban and rural areas, pay attention to the ecological balance, protect the environment, and actively prevent and treat pollution.

In radio and television broadcasts, we should continuously improve the means of transmission, upgrade transmission quality, further increase coverage rate, enhance the ability to produce programs by ourselves, and expedite the radio and television undertakings of border areas.

New progress should also be achieved in culture, publication, press, sports, and other undertakings.

7) Make Further Proper Arrangements for Urban and Rural People's Lives With the Focus on Stabilizing Commodity Prices, and Ensuring the Supply of Vegetables, Meat, Eggs, and Housing.

Striving to maintain a basic stability in the overall level of commodity prices is a major event in our endeavor to make proper arrangements for the people's lives. In controlling the commodity price index this year, the key lies in controlling the price index of nonstaple foods, in which the most important thing is to control the rises of vegetable prices. We should guarantee vegetable acreage. In 12 cities the vegetable acreage is planned to be 457,800 mu, and 943,500 tons will be sold, an increase of 274,000 tons over last year. We should make sure that vegetable supply is better than last year. More should be supplied but the prices should not be higher than last year. In the meantime, we should do a good job in the construction of nonstaple food bases on the outskirts of cities in order to increase the supply of meat, eggs, poultry, milk, aquatic products, and soybean products, and make urban nonstaple food markets more thriving.

We should gradually alleviate the strained situation in the housing supply for urban residents, and step up construction of public infrastructure, such as water, gas, electricity and heat supply systems, water drainage systems, and transportation and telecommunication systems. Continuous attention should be paid to Changchun City's project of second water source in order to

improve water quality and increase water supply. The water supply projects of some county seats, which are under construction, should be accelerated and completed as soon as possible. Construction and renovation of urban communications facilities should be strengthened. We should improve the urban telephone communications capacity, and alleviate its strained situation. We should actively develop the tertiary industry to make the people's lives more convenient. We should broaden employment, and increase the income of staff members and workers. In the rural areas, we should lighten the burden on peasants, and continue the work to help disaster-afflicted and poor people.

Fellow deputies! The various plans of our province for this year have been started on the basis of the thorough development of the economic reform and the success in the fulfillment of the Sixth 5-Year Plan. At present the situation of the province is very good, and there are many favorable conditions for fulfilling this year's plans. We should earnestly implement the various principles and policies formulated by the CPC Central Committee and the State Council, place reform in the first place, persistently promote the two civilizations simultaneously, and mobilize the masses of cadres and people to display the spirit of the foolish old man who removed the mountain, unite as one, exert concerted efforts, actively make progress, work in a down-to-earth manner, surmount the difficulties on their way of advance, fulfill this year's plan in an all-round manner, win a success in the first battle for the construction during the Seventh 5-Year Plan period, and strive to win a new victory in the province's four modernizations.

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CSO: 4006/920

## ECONOMIC PLANNING

### HEBEI RIBAO COMMENTATOR ON ECONOMIC GROWTH RATE

SK040739 Shujiazhuang HEBEI RIBAO in Chinese 22 Mar 86 p 1

[Commentator's article: "It Is Necessary To Treat Growth Rate Correctly"]

[Text] Economic growth rate is an important issue. We should seek truth from facts to analyze it in a calm manner on the basis on the new situation in economic development and the actual conditions of various localities in order to achieve a unified understanding.

We should, first of all, consider our conditions. Economic growth rate is restricted by financial, material, energy, and transportation resources. It is in violation of the objective view of real possibility to seek high growth rate blindly when we lack these resources. Therefore, it is totally necessary to adopt a series of measures to bring the excessively high growth rate of some localities under control in an effort to maintain a sustained, stable, and coordinated development in the national economy. As has been shown in practice, this issue has drawn the attention of leading organs, and economic departments at all levels, and all economic fronts, which have clarified, in terms of guiding ideology, the question of how to make the growth rate proper. We should also note, however, that because of a lack of specific analysis of the issue of restricting the growth rate, many comrades have a misunderstanding, and dare not grasp the economy with a free hand and exercise active leadership over the economic work bravely. Since the last quarter of last year, some localities have slackened their economic growth speed, and it has even declined in some areas. In our province the industrial growth rate registered an increase of 2.7 percent in January, but a downfall trend appeared in February, and it dropped by 3 percent as compared with the same month of last year. We must pay attention to such a situation.

Second, we should clarify the relationship between growth rate and economic results, which are not contradictory but are in harmony with each other. Without a certain growth rate, it is difficult to achieve better economic results. What we are opposing is a false growth rate, a growth rate which does not yield high economic results. On the condition that economic results are guaranteed, a higher growth rate is better than a lower one. It should be said that what we hope for is a more flourishing economy and a higher

growth rate as long as the overall situation of the state in bringing the four fields under control is not affected. We are bound to suffer losses if we blindly seek the so-called high growth rate in disregard of social and economic benefits, and the possibility of our economic strength. On the premise of improved economic results, a higher growth rate is justifiable and permissible, and is also necessary to economic development if we are provided with corresponding financial and material resources.

When we make a judgment on whether a growth rate is high or low, we should connect it with the economic foundations of various localities, and should not isolate it and discuss it with a one-sided viewpoint. As economic conditions vary in different localities, their economic growth rates cannot be the same, and there are always some localities with higher rates, and some with lower rates. It is precisely because of the higher rates and the lower rates that an average growth rate is formed. Our province's 1985 total social product showed a 13.8-percent increase over 1984, and the industrial and agricultural output value showed a 14.7-percent increase. Compared with the past few years, although the economic development has been speeded up, our economic strength and growth rate still lag behind the advanced provinces and municipalities of the country, and extremely great efforts have yet to be made before we can catch up with them even if we accelerate our growth rate and improve our economic results to a still higher level. In this sense, the better the economic results are, and the higher the growth rate is, the better it is.

Whether the growth is high or low is a major issue concerning whether or not we can attain the grand objective of quadrupling the industrial and agricultural output value by the year 2000. If we exercise too rigid control, and demand that every locality achieve the high growth rate or increase we set forth, no matter how high, we are bound to commit once again the old mistakes of seeking "uniformity" and giving blind orders, and encourage the evil trend of fraud. As a result, the scientific approach of seeking truth from facts will be violated, and a sustained, stable, coordinated, and healthy economic development will be affected. The "quadrupling" goal has been set forth after a comprehensive analysis of the construction experiences gained during the 3 decades and more since the founding of the country, and of the trends and possibilities of future economic development. It is a correct guiding ideology. Therefore, under this prerequisite, we should focus our economic work on improving economic results, and strive to achieve a growth rate that can be achieved through efforts. If we do not strive for such a growth rate, we will bring harm to the enhancement of the state's strength, to the improvement of the people's living standards, and to the accomplishment of the four modernizations.

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CSO: 4006/916

AGGREGATE ECONOMIC DATA

ANHUI 1985 ECONOMIC, SOCIAL DEVELOPMENT REPORT

OW092253 Hefei ANHUI RIBAO in Chinese 27 Mar 86 p 3

[Communique on the Statistics of 1985 Economic and Social Development issued by the Statistical Bureau of the Anhui People's Government]

[Text] In 1985 the people of all nationalities in the province, led by the provincial CPC Committee and the provincial people's government, upheld the policy of enlivening the domestic economy and opening to the outside world and proceeded with an all-round economic structural reform, bringing about steady, sustained, and well-balanced economic development. According to preliminary statistics, the total product of society (Footnote 1) (Figures concerning total product of society, total product of rural society, national income, and the gross value of domestic production were calculated on the basis of prices for the year; increases of growth rate over the previous year were calculated according to comparable prices. The total output value of industry and agriculture was calculated on the basis of current prices, the 1985 figure would be 47,551 million yuan. Total product of society is the sum of the total output value of agriculture, industry, the building trade, communications and transportation, and commerce (including the supply and marketing of materials and equipment and the catering trade). National income is the sum of the net output value of the five above-mentioned material producing departments. Gross value of domestic production is the final value of products and labor service provided by material and non-material production departments for society, excluding the value of products and labor service consumed during production.) for the year was 58,107 million yuan, up 20.3 percent compared with the preceding year. The gross value of industrial and agricultural production totaled 40,583 million yuan, 19.5 percent more than the preceding year. National income reached 27,391 million yuan, an increase of 17.5 percent above the preceding year. The gross domestic product is estimated at 31,484 million yuan, surpassing the preceding year's record by 19.1 percent. All major economic targets set in the Sixth 5-Year Plan were fulfilled or overfulfilled. If the 1980 records are used as a basis for comparison, the number of counties that quadrupled their gross value of industrial and agricultural production reached 31 as against 10 in the preceding year. With the development of production, the urban and rural markets were thriving and brisk, financial revenue increased considerably, the people earned more income, and their living standards improved. The major problems

in economic development were shortage of capital, energy, and raw and semi-finished materials, the society's total supply falling short of the total demand to a rather large extent, and the excessive scale of investment in fixed assets. In addition, some trades and enterprises had problems of poor product quality, high consumption, and low economic efficiency, and there was a big rise in the prices of certain commodities.

## 1. Agriculture

In 1985 our province made a big stride toward reforming the system of unified and fixed purchase of farm produce and readjusting the economic structure in rural areas. As a result, the province's rural economy began to enter a new development stage. The total rural product of society (Footnote 2) (Total product of rural society includes total agricultural output value and total output value by collectively- and individually-owned industry, the building trade, communications and transportation, and commerce in rural areas.) for the year is estimated at 27,782 million yuan, up 24.9 percent compared with the preceding year. Of this, the total output value of industry, building and transportation trades, and commerce stood at 7,958 million yuan, an increase of 31.7 percent. Together, they accounted for 28.6 percent of the total rural product of society, as against 27.2 percent in the preceding year.

The total agricultural output value for the year was 18,232 million yuan (including that from village-run industries). This was 18 percent higher than the preceding year, exceeding the growth rate of 7.4 percent set in the plan. Of this output value, the proportion accounted for by forestry, animal husbandry, sideline production, and fisheries increased from the preceding year's 32.2 percent to 38.1 percent in 1985. After deducting output value of village-run industries from the total amount, the total output value of agriculture was 15,135 million yuan, 11.2 percent more than the preceding year.

The pattern of crop cultivation underwent a rather big readjustment. The grain-crop acreage was 294,000 hectares less than the preceding year. The total grain output was 21,679,600 metric tons, showing a decline of 346,000 metric tons compared with the preceding year. Among the major industrial crops, the output of cotton showed a fairly big decline due to the reduced acreage of cotton fields, and there was a slight reduction in the output of tobacco and tea. The output of all other industrial crops, however, showed a relatively big increase.

The output of major farm products were as follows:

	1985	Increase over 1984 (%)
Grain	21,679,000 metric tons	-1.6
Cotton	166,700 metric tons	-28.7
Oil-bearing crops	1,457,000 metric tons	49.7
of which: peanuts	241,500 metric tons	34.0
rapeseed	1,079,300 metric tons	51.9
sesame	132,800 metric tons	71.9
Cured tobacco	76,000 metric tons	-0.6



Table continued

	1985	Increase over 1984 (%)
Sugarcane	82,700 metric tons	130.0
Jute, ambary hemp	976,300 metric tons	260.0
Silkworm cocoons	9,023 metric tons	26.2
Tea	42,553 metric tons	-1.1
Fruit	139,400 metric tons	10.7

Forestry policies were further implemented, and the enthusiasm of the masses for building, managing, and protecting forests rose to an unprecedented height. Afforested area in the province amounted to 138,200 hectares, up 5.8 percent from the preceding year. Of major forestry products, the output of walnuts, pine resin, tung oil tree seed, and Chinese tallow tree seed decreased, while the output of chestnuts and tea-oil tree seed increased, compared with the preceding year.

New progress was made in animal husbandry production. The number of large animals, pigs, and sheep in stock at year end continued to increase. The output of pork, beef, mutton, milk, and eggs also increased.

Output of major animal by-products and number of livestock are as follows:

	1985	Increase over 1984 (%)
Output of pork, beef and mutton	713,900 metric tons	22.9
of which: pork	669,000 metric tons	22.5
beef	25,100 metric tons	49.1
mutton	19,800 metric tons	10.0
Milk	18,482 metric tons	25.4
Sheep wool	1,123 metric tons	-27.8
Hogs slaughtered	8,790,100 head	18.7
Pigs at year end	12,414,400 head	9.2
Sheep and goats at year end	2,155,200 head	1.9
Large animals at year end	4,509,400 head	9.0

Quite a big development was made in fishery. The annual output of aquatic products was 165,000 metric tons, up 18.7 percent from the preceding year.

While their grain crops were affected by natural disasters, state farms still made new developments after actively readjusting the structure of production.

Farm machines and the rural electricity consumption increased. At the end of 1985, the aggregate power capacity of farm machines in the province totaled 11,330,000 horsepower, up 4.5 percent from 1984. The number of large- and



medium-sized tractors was 15,938, a 6.7 percent decrease from 1984; small-capacity and walking tractors, 233,900, an increase of 13 percent; trucks, 14,566, an increase of 17.5 percent; and irrigation and drainage equipment, 3,464,800 horsepower, a decrease of 7.2 percent. Chemical fertilizer applied in 1985 (after being converted into pure chemical fertilizer) totaled 1,136,000 metric tons, an increase of 12.3 percent over 1984. The total consumption of electricity in rural areas was 1,350 million kwh, an increase of 2.3 percent over 1984.

The province's meteorological, water conservancy, scientific and technological, and other departments concerned made positive contributions to agricultural development.

## 2. Industry

The progress achieved in the economic structural reform instilled new vitality in the province's industrial enterprises; and the industrial production advanced in the course of reform in 1985. The total industrial output value was 22,351 million yuan, topping 1984 by 20.8 percent and overfulfilling the targeted growth rate; and if industries run by villages or units below were included, the industrial output value was 25,448 million yuan, 25 percent more than the previous year. Industrial output value of the province's 17 prefectures and cities increased in an all-round manner, and the number of the province's 67 counties with over 100 million yuan industrial output value rose to 35 from 17 in 1984.

Of the total industrial output value, that by the state enterprises in the province was 16,414 million yuan, 17 percent more than the previous year; that by the collectively-owned enterprises was 5,669 million yuan, an increase of 29.2 percent; that by enterprises of other kinds of ownership was 38 million yuan, a 380 percent increase; and that by individually-owned enterprises in cities and towns was 230 million yuan, 200 percent more than the previous year.

Village and town industry continued to expand in a sustained manner in 1985. The annual output value of village and town industry (Footnote 3) (Total output value of village and town industry includes the output value of industries run by townships, villages, and units below.) was 4,704 million yuan, an increase of 54.6 percent over the previous year; of which the output value of industries run by townships was 1,607 million yuan, an increase of 34.7 percent; and by villages and units below was 3,097 million yuan, an increase of 67.4 percent.

Of the 75 major industrial products under annual evaluation, 64 increased the output over the previous year; 56 fulfilled or overfulfilled the planned target; and 19, mostly products in excessive supply, failed to fulfill the plan.

Advances were made in light industrial production. The annual light industrial output value was 12,056 million yuan, fulfilling the annual plan by 106.7 percent, topping the previous year by 21.7 percent, and constituting 53.9 percent of the total industrial output value. Despite more variety, design, and increase in the output of medium- and high-grade famous brand quality products, certain products still fell behind market demand. Of the 34 major light industrial products listed in the plan, the output of 27 met or topped the annual plan, and 32 increased the output over the previous year.

The output of major light industrial products were as follows:

	1985	Increase over 1985 (%)
Yarn	134,900 metric tons	14.5
Cloth	537 million tons	21.8
Cloth	740 metric tons	28.9
Silk products	20.82 million meters	22.3
Woolen goods	3,745,000 meters	71.7
Knitting wool	2,388 metric tons	28.5
Machine-made paper and paper board	253,700 metric tons	17.1
Cigarettes	1,803,900 boxes	18.2
Alcoholic beverage	361,300 metric tons	23.7
Chemical pharmaceuticals	641 metric tons	7.0
Bicycles	901,900	17.5
Sewing machines	140,200	430.0
Wristwatches	699,800	38.6
TV sets	268,100	93.9
Cassette recorders	30,400	73.7
Household washing machines	131,700	60.4
House refrigerators	23,700	690.0
Electric fans	563,400	83.3
Shoes	3,405,600 pairs	21.8

Heavy industry witnessed a sustained growth while adhering to the principle of production according to demand in the course of reform. The total heavy industrial output value was 10,295 million yuan, topping the previous year by 19.8 percent and constituting 46.1 percent of the total industrial output value. Of the 41 heavy industrial products listed in the plan, the output of 29 met or topped the annual plan, and 32 increased their output over the previous year. Despite increases at varying degrees, the output of energy and raw and semi-finished material industrial products still fell behind demand.

The output of major heavy industrial products was as follows:

	1985	Increase over 1984 (%)
Crude coal	29,050,900 metric tons	5.4
Dressed coal	5,059,100 metric tons	4.8
Electricity	13,488 million kwh	15.4
of which hydroelectricity	966 million kwh	8.8
Iron ore (crude ores)	8,583,000 metric tons	6.6
Pig iron	2,426,200 metric tons	4.1
Steel	1,942,900 metric tons	2.5
Rolled steel	1,407,100 metric tons	10.7
Machine-made coking coal	2,448,000 metric tons	3.3
Sulfuric acid	397,600 metric tons	-5.0
Soda ash	8,700 metric tons	20.8
Caustic soda	59,500 metric tons	11.0
Chemical fertilizers	763,900 metric tons	1.5
Chemical insecticides	4,900 metric tons	-18.3
Timber	589,000 cubic meters	26.9
Cement	5,533,600 metric tons	34.7
Plate glass	712,000 cases	-16.0
Metal cutting machine tools	2,900	31.8
Automobiles	8,386	37.0
Internal combustion engines	1,353,400 hp	46.7
Small tractors	32,430	5.7
Steel ships for commercial use	134,107 tons	51.9

Industrial economic efficiency improved. A total of 369 products were selected by the province as quality products, of which 1 received the state quality product gold award, 12 received silver awards, and 113 received ministry quality product awards. Of the 98 major items of industrial product quality under evaluation, 40 improved, 46 became more stable, and 12 were lower quality than the previous year. In material consumption of 111 individual products, 47 decreased, 30 gained stability, and 34 increased. The province's 163 key enterprises conserved energy resources equivalent to 572,000 metric tons of standard coal, achieving a 5.7 percent efficiency rate in energy conservation. The labor productivity of state industrial enterprises with an independent accounting system rose by 11.1 percent. The output value of budgeted state industrial enterprises increased by 15.4 percent, their sales revenues by 23.7 percent, profits and tax payments by 21.4 percent, and profits and tax payment delivered to the state were 15.8 percent more than 1984. Profits earned per 100 yuan funds were up by 2.5 yuan, while the turnover period for circulating funds was shortened by 8.6 days.

### 3. Investment in Fixed Assets and the Construction Trade

Investment in fixed assets registered a relatively fast increase in 1985. Investment in fixed assets in the province's urban and rural areas totaled

8,070 million yuan, 1,850 million yuan or 29.8 percent more than the previous year. Of this amount, 4,170 million yuan represented fixed asset investment for units owned by the state, and 590 million yuan for collective-owned urban and rural units, while the remaining 3,310 million yuan represented investment by individuals in urban and rural areas.

Of the fixed asset investment for units owned by the state, capital construction investment amounted to 2,710 million yuan, topping the preceding year by 610 million yuan, or 29.3 percent. Calculated in terms of the source of funds, 1,040 million yuan came from state budgetary investment, 4.6 percent less than 1984; and extrabudgetary investment (including loans obtained in the country, utilization of foreign capital, and self-collected funds) amounted to 1,670 million yuan, an increase of 67 percent. According to the arrangements of the plan, the amount of capital construction investment made during the year was 1,970 million yuan, or 96.6 percent of the planned target. Of this amount, investment made on state projects totaled 1,350 million yuan, or 98.5 percent of the planned target; and investment on local projects amounted to 620 million yuan, or 93.2 percent of the planned target. Of capital construction investment, that on productive construction projects totaled 1,620 million yuan, topping the previous year by 20.3 percent and constituting 59.8 percent of the total capital construction investment; and investment on nonproductive construction projects amounted to 1,090 million yuan, topping the previous year by 45.5 percent and constituting 40.2 percent of the total investment, of which 520 million yuan were made on housing construction, an increase of 47.6 percent.

Of the investment in capital construction, energy industry investment was 960 million yuan, a 26.5 percent increase over the preceding year; investment in railways, transportation, and posts and telecommunications projects was 270 million yuan, up 15.5 percent; investment in farming, forestry, water conservancy, and marsh gas was 170 million yuan, up 22.9 percent; and investment in culture, education, and public health was 160 million yuan, up 60.3 percent. Investment made in the 28 key construction projects of the province was 970 million yuan, accounting for 100.7 percent of the annual plan. Some 770 million yuan was invested in 10 key state projects built within reasonable time limits, including the Huainan-Huaibei mining area; the 2 power plants in Luohe and Pingyu; the 500,000-volt power transmission and transforming project between Huainan and Shanghai; the Ningguo Cement Plant; the synchrotron radiation laboratory in Hefei; the Renlou coal mine; the ammonium phosphate project of the Tongling chemical plant; and the Bengbu plate glass plant. Investments in these projects accounted for 100.2 percent of the annual plan.

A total of 1,453 capital construction projects were completed and put into operation, accounting for 46.3 percent of the total number of projects. Among them were three large- and medium-sized projects and three single items attached to the large- and medium-sized projects. Some 2,200 million yuan was added to the provincial fixed assets, and 81.4 percent of the fixed assets were put to use. The newly acquired production capacity in capital

construction included: 300,000 kw of power generating capacity, 574.3 km of 100,000-volt transmission line, 1.8 million metric tons of coal, 1,148 km of newly built highways, 458 cars purchased for urban public transportation, 170,000 metric tons of cement, 7,000 metric tons of synthetic ammonia, 40 million meters of printed and dyed cloth, 150,000 metric tons of cast steel, and so on.

Rapid progress was made in renewing and transforming the existing enterprises. In 1985 state-owned units invested 1,460 million yuan in the projects for renewal and transformation and other fixed assets, topping the previous year by 38.4 percent. Of this amount, 1,260 million yuan was invested in renewal and transformation, a 77.2 percent increase over 1984. Of the investment in projects for renewal and transformation, 660 million yuan was used to increase the variety and output of products, up 73.6 percent; 130 million yuan was used to save energy and raw materials and to improve quality of products, an increase of 19.6 percent. Of the amount of investment in projects for renewal and transformation, 1,120 million yuan was devoted to production-related projects, up 75.1 percent; 140 million yuan to non-production-related projects, up 96.3 percent. In 1985 2,659 projects for renewal and transformation were under construction, 1,468 of which were completed and put into operation, accounting for 55.2 percent of the number of projects under construction and topping the previous year's figure by 8.3 percent. The projects for renewal and transformation increased the fixed assets by 890 million yuan, topping the previous year's figure by 59.2 percent. This played an important role in promoting technical progress of enterprises.

Further reforms were made in the building industry. In 1985 3,723 of the 5,370 projects undertaken by state-owned building enterprises were built under various systems of contracted responsibilities. The system of public bidding was adopted for 253 projects. Six large and medium-sized projects were construction under the investment responsibility system. The total output value of state-owned building enterprises in 1985 was 1,590 million yuan, an increase of 39.5 percent over 1984; and labor productivity was 6,956 yuan, up 29.4 percent.

Geological work registered new achievements. Tunneling footage completed by geological departments in 1985 exceeded 160,000 meters, which was 125.4 percent of the annual plan. Ten new mines were discovered, and 11 mineral species were newly verified.

#### 4. Transportation and Posts and Telecommunications

Transportation capacity increased constantly. The mileage of motorized roads in 1985 was 26,988 km, an increase of 502 km over 1984. Some 22,941 km were accessible in both sunny and rainy weather, 511 km more than in the previous year. The mileage of inland waterways was 5,515 km, 25 km more than in the preceding year.

Transport vehicles of local transportation departments handled 7,030 million metric ton-km of freight, up 24.3 percent from the previous year. Of this, trucks handled 2,410 million metric ton-km, up 19.9 percent; ships handled 4,620 million metric ton-km, up 32.8 percent. The volume of goods handled by the inland ports was 25,310,000 metric tons, 35.2 percent more than in the previous year.

Transport vehicles of local transportation departments handled 8,170 million person-km of passengers, topping the previous year by 14.6 percent. Highway passenger transportation accounted for 8,020 million person-km, up 14.7 percent, while waterway passenger transportation accounted for 150 million person-km, up 7.1 percent.

Postal and telecommunications services continued to grow. In 1985 the province's total revenue from postal and telecommunications services was 83,244,000 yuan, an increase of 18 percent over 1984. Of all the services, the volume of mail increased 22.5 percent, newspaper subscriptions 11.1 percent, magazine subscriptions 15.4 percent, the number of telegrams 18.2 percent, and the number of long-distance telephone calls 18.4 percent. By the end of 1985, 64,600 urban households and 22,700 rural households had telephones, an increase of respectively 11.3 and 6.4 percent over that registered by the end of 1984.

#### 5. Commercial Work and Commodity Supply and Marketing

The urban and rural markets became increasingly prosperous as restructuring of the commercial system continued to proceed, and the channels of commodity circulation were widened. In 1985 the province's total retail sales reached 14,380 million yuan, an increase of 20.3 percent over 1984; but the actual growth was 13.1 percent after allowing for the increase of commodity prices. Of the total retail sales, a sharp growth was noted in the sales registered by all types of economies: a growth of 13.9 percent for state-run enterprises, a growth of 13.7 percent for collectively-owned enterprises, a growth of 17 times for cooperative enterprises, and a growth of 53.9 percent for individual-operated plants. Retail sale of consumer goods by peasants to nonagricultural residents increased by 39.3 percent. If categorized by purposes of use, the total retail of consumer goods increased 22.9 percent, and the total retail of means of agricultural production increased 8.9 percent. Compared with that of 1984, the increases in retail sales of major consumer goods were as follows: Foodgrain up 6.8 percent, edible vegetable oil 8.5 percent, eggs 37.6 percent, sugar 11.5 percent, chemical fiber fabrics 27.3 percent, cotton cloth 14 percent, wool fabric 34.6 percent, silk and satin 23 percent, woolen yarn 17 percent, wristwatches 32.3 percent, electric fans 1.5 times, television sets 64.6 percent, recorders 2.3 times, washing machines 100 percent, and refrigerators 6.7 times.

Because of production growth, commodity supplies continued to grow. In 1985 Anhui's state-operated supply and marketing cooperatives purchased 11,900 million yuan of goods, or an increase of 19.1 percent over 1984. Of this

increase, the total purchase of agricultural and sideline products increased 14.3 percent, and the total purchase of industrial goods increased 24.1 percent.

The commercial system was thoroughly restructured. By the end of 1985, the operation of all second-level wholesale stations of 17 types of industrial goods, except for petroleum, had been transferred to lower departments, and four stations for wholesale of textile goods had been turned over to industrial departments. The number of small state-owned retail stores, eateries, and service centers being turned into state-owned but collectively operated enterprises had grown by 4.6 times over that of the preceding year, and 108 turned into collectively operated enterprises, and 315 leased to individual operators. The number of urban and rural trade fairs increased from 3,246 in 1984 to 3,565 in 1985. These trade fairs' turnover in 1985 reached 3,370 million yuan, or 59.9 percent over 1984.

Enterprises under the state-operated commercial departments and supply and marketing cooperatives achieved better economic returns. Compared with 1984, the expenses for selling 100 yuan of commodities dropped 2.6 percent, the period for the turnover of circulating funds was shortened from 204 days in 1984 to 187 in 1985, and workers' per capita sales increased 15.7 percent. The amount of profits, however, dropped 4.9 percent.

The progress achieved in reforming commodity prices accelerated the commodity economic growth and enlivened the urban and rural markets. The prices of some commodities increased fairly sharply. Compared with 1984, the general index of purchasing prices for agricultural and sideline products in the province increased by an average of 5.2 percent, and the general index of retail prices increased by an average of 6.5 percent. If treated separately according to urban and rural areas, the general index of retail prices increased by an average of 7.7 percent in cities and towns, and by an average of 5 percent in the rural areas. If treated according to the types of commodities, prices of fresh vegetables increased 21.9 percent; meat, fowl, and eggs up 14.6 percent; seafood up 44.5 percent; fruit up 32.2 percent; food-grain up 6.7 percent; books, newspapers, and periodicals up 24.1 percent; fuels up 3.8 percent; clothing up 1.2 percent; goods for daily use up 3.7 percent; cultural and entertainment goods up 1 percent; and means of agricultural production up 1.7 percent. The general index of workers' annual living cost in 1985 increased by an average 7.8 percent over 1984. Of this increase, the index of consumer goods prices increased 7.7 percent, and the index of the prices of various types of services increased 8.5 percent.

The sales volumes of major means of production went up in 1985. The sales volume of rolled steel increased 27.3 percent, pig iron 4.1 percent, and cement 10.8 percent. With the gradual progress in reforming the materials-circulation system, the market played an expanded role in regulating supplies. Thirty-two trade centers for means of production were established. Their business volumes for the year totaled 230 million yuan. The time for the turnover of circulating funds held by the materials departments under quota were 45 days, or 17 days less than the preceding year.



## 6. External Economic Activities and Tourism

The year 1985 saw rapid development of external economic activities. The province's imports and exports totaled U.S.\$430 million, up 47.7 percent compared with the preceding year. Of this amount, exports accounted for U.S.\$310 million, an increase of 25.9 percent above the preceding year. Goods imported by local departments themselves totaled US\$120 million, or 1.6 times more than the preceding year. Among the exported commodities, the amount of farm and sideline products was 50.75 percent more than the preceding year, while the amounts of light and heavy industrial products rose by 6 and 30.6 percent, respectively.

Foreign capital was used on a larger scale, and new advances were made in economic and technical cooperation with foreign countries. In 1985 the province completed 201 projects of technology and equipment imports, which totaled US\$104,180,000 up 22.3 percent compared with the preceding year.

Simultaneously with the expansion of external economic activities, lateral economic cooperation was further stepped up. In 1985 our province reached agreement with other provinces, municipalities, and autonomous regions on 1,685 cooperative projects, and acquired 682 million yuan in capital funds from outside the province.

In 1985, the tourist departments of our province made arrangements for 38,671 foreign nationals and Hong Kong and Macao compatriots to come to our province for sightseeing, visits, and various exchange activities. This number showed a 5.5 percent rise over the record registered in the preceding year. The total foreign exchange income from this was US\$2,100,000, a rise of 13.3 percent over the preceding year.

## 7. Science, Technology, Education, and Culture

While progress was made in reforms, science and technology made new contributions to economic construction. Fairly good economic benefits were received from the application of 236 key technologies in the province. Most of the major projects to solve key science and technology problems were completed according to the requirements stated in the contracts. Twenty-two projects achieved complete or partial success. Among these, nine projects were applied successfully to economic development. Eight projects in the province received state awards for advanced achievements in science and technology. Social science research also showed further development. The scientific and technological work force continued to grow. There were 141 independent natural science research organizations belonging to the people at and above the prefectural and city level, employing 5,993 scientific and technological workers.

Education continued to develop in the course of being reformed. In 1985 1,009 new students were admitted to ordinary graduate schools or institutions of higher learning in the province. This exceeded the preceding year's

enrollment by 635, or an increase of 1.7 times. The number of students engaged in graduate studies was 1,604, exceeding the preceding year by 594, or a 58.8 percent increase. The number of students who completed graduate studies was 384. After reforming the system of admissions of students and job assignments for their graduates, ordinary institutions of higher learning enrolled 20,200 new students for regular and special courses, exceeding the previous year's figure by 4,000, or an increase of 24.4 percent. The total number of college students in these institutions was 56,700 exceeding the previous year's figure by 8,100 or a rise of 16.6 percent. The number of college graduates from these institutions was 12,000. As for institutions of higher learning for adults, 29,000 new students for regular and special courses were admitted, exceeding the previous year's figure by 13,600 or an increase of 88.9 percent. The number of students studying in these institutes was 60,300. This was 18,000 more than in the previous year, or an increase of 42.8 percent. Graduates from these institutions totaled 10,300. The reform of the secondary education structure continued to develop in depth. There were 2,310,000 students studying in various types of secondary schools (including skilled workers schools), an increase of 149,000 compared with the previous year's figure. Those receiving vocational and technical education at senior middle school level reached 52,700, or 23 percent of the total number of senior middle school students as against 18.9 percent in the previous year. The number of students studying in adult middle schools was 38,000, and that in adult secondary specialized schools was 39,400. Primary education was further consolidated and developed with 7,278,500 primary school students in the province. The proportion of students among school-age children rose from the previous year's 92.8 percent to 94.8 percent. Considerable progress was also made in pre-school education and in the education for deaf-mutes and mentally retarded children.

Cultural establishments, press, radio, motion pictures, and television all played an important role in building socialist spiritual civilization. The province had 6,222 film projection units, 133 more than the previous year, 126 art ensembles, 12 art galleries, 101 cultural halls, 82 public libraries, 17 museums, 10 radio stations, 17 radio transmitters and relay stations, 9 television stations, and 19 television transmitters and relay stations of more than 1,000 watts. A total of 324 million copies of provincial-level newspapers were published in 1985, 64 million more than in the previous year. Some 23,752,000 copies of periodicals and 206,370,000 copies of books were published, increases of respectively 14,042,000 and 61,370,000 copies over the previous year.

#### 8. Public Health and Sports

Medical and health conditions improved. The province had 95,300 hospital beds in various medical institutions at the end of 1985. This includes 84,000 beds in various hospitals, an increase of 1,600 over the end of 1984. Specialized health and technical personnel totaled 122,800 an increase of 2,800. This figure includes 46,500 doctors and 21,400 nurses, increases

of 3.3 and 5.4 percent. Prevention and control of diseases were strengthened, and the medical and health conditions in both urban and rural areas further improved.

New breakthroughs were made in sports. Mass sports activities became more popular in 1985. The technical skills in various sports steadily improved. Nine hundred and three sports meets at county level or above were held in 1985. Our athletes won 38 gold, 36 silver, and 33 bronze medals at international and national competitions. Our athletes also won 191 titles at major international and national meets, including 2 championships and 3 second places at the Fifth World Cup Acrobatic Gymnastics Championships, 1 championship at the international Wushu Invitation Tournament, and 2 championships at the Asian Youth Gymnastics Meet. Some 698,000 people passed the national sports training standards, 1,268 were qualified as athletes, 1,140 were qualified as referees, and 12 were qualified as sports masters.

## 9. People's Life

Residents in Anhui's urban and rural areas received more income, and their living standards further improved. According to a sample survey, the peasants had a per capita net income (Footnote 4) (Per capita net income of peasants includes the value of gifts exchanged from among the peasants and the income from the sale of goods and property by the peasants.) of 369 yuan, 46 yuan more than in 1984, up 14.4 percent. The increase in net income was 11.1 percent, after deducting price increases. According to the survey, families with per capita net income of 500 yuan and more accounted for 13.6 percent, against 8.8 percent in 1984, families with per capita net income of between 400 and 500 yuan rose from 14.4 to 19.6 percent, families with per capita net income of between 300 and 400 yuan rose from 29.8 to 31.4 percent, families with per capita net income of less than 300 yuan dropped from 47 to 35.4 percent, and families in poverty, with per capita income of less than 150 yuan, dropped from 3 to 2.7 percent. Urban families had an average annual per capita income of 583.8 yuan for expenses. The average per capita income for urban residents was 631.3 yuan, an increase of 113.3 yuan, or 21.9 percent, over 1984. Even allowing for the rise in the cost of living, real income for workers and staff still rose by 13.1 percent.

In 1985, 267,000 people were provided jobs in urban areas. They include youths awaiting job assignments, personnel in other categories, and college and secondary specialized or technical school graduates under the unified state of assignment system. The province had 4,207,000 workers and staff by the end of 1985, 223,000 more than at the end of the previous year. Publicly-owned units had 2,865,000 workers and staff, an increase of 153,000 and urban collective units had 1,339,000 workers and staff, an increase of 69,000. Self-employed workers in cities and towns totaled 402,000 at the end of 1985, 179,000 more than at the end of the previous year. The annual wages of workers and staff in 1985 totaled 3,930 million yuan (including subsidies given to workers and staff to compensate for price fluctuations), up 18.4 percent. Workers and staff in publicly-owned units received a total of 2,950 million yuan, up 17.5 percent, while workers and staff in collective

units received a total of 980 million yuan, up 19.5 percent. The average annual cash wage for workers and staff was 967 yuan, 112 yuan, or 13.1 percent, more than in 1984. The real increase in workers' wages stood at 4.9 percent when the cost of living increase was counted. However, due to market price increases, the real income of a few workers decreased slightly.

Urban and rural savings deposits increased on a large scale. By the end of 1985, individual bank savings amounted to 3,843 million yuan, 35.7 percent more than the 1984 year-end figure. The increase in urban savings was 37.8 percent, while that in rural savings was 32.4 percent.

Housing for both urban and rural dwellers improved. Houses completed in 1985 totaled 50.47 million square meters of floor space, up 12.6 percent over 1984. Houses built by publicly-owned units or by urban collectives totaled 3,480,000 square meters, an increase of 11.9 percent, those built by private individuals in urban areas totaled 2,250,000 square meters, an increase of 74.3 percent, and those built by rural peasants totaled 44,280,000 square meters, an increase of 15 percent.

Social welfare also developed. In 1985, the province had 1,479 social welfare institutes providing for 15,300 people. Urban and rural collective economic units provided for 148,100 elderly, widowed, disabled, and orphaned people who had no one else to support them. Assistance was given to those who lived scattered lives in cities and towns and deserved special care and preferential treatment, along with poor families. Some of these families were able to shake off their poverty.

#### 10. Population

In 1985, the province had a population of 51,557,700, an increase of 528,400. According to a sample survey of 23,495 people in 167 village (neighborhood) groups in 6 cities, 10 counties, and 27 townships (streets), the birth rate in 1985 was 15.61 per thousand and the morality rate was 5.37 per thousand, showing a natural growth rate of 10.24 per thousand.

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CSO: 4006/915

ECONOMIC MANAGEMENT

GUANGXI STATISTICAL WORK CONFERENCE ENDS 26 MAR

HK290623 Nanning Guangxi Regional Service in Mandarin 1100 GMT 26 Mar 86

[Excerpts] The regional conference on statistical work, which lasted 6 days, concluded today.

Since the beginning of last year, statistical departments in our region have given full play to their advantage--the large amount of data they have and, centered on reform of the economic structure, conducted statistical analysis and provided a large amount of statistical data to leaders of the party and government to formulate their policy decisions and to work out plans. All statistical departments have mainly done the following work:

1. Closed-style statistics has gradually changed to open-style. The statistical departments have put in an important position serving party and government leaders at all levels to help them formulate policy decisions. Through internal publications and reports, newspapers, journals, and broadcasting stations, they have also published statistical information to vigorously serve all quarters in society. At the same time, statistical data of various types has been sent 80 units at the regional level and 95 prefectures, cities, and counties in the region for their use.
2. The system and method of statistics have been initially reformed. They have adopted many methods of investigation to collect and sort out statistical data.
3. They have paid attention to the development of the application of electronic computer technology.

The conference pointed out: In the statistical work in the whole region in 1986, we must seriously implement the spirit of the national conference on statistical work, further improve accuracy and speed, improve the processing and sorting of statistical data, conduct investigation and study, strengthen statistical analysis, and promptly reflect the new situation and new problems of the development of the national economy and of reform of the economic structure.

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CSO: 4006/905

ECONOMIC MANAGEMENT

HUNAN GOVERNOR URGES IMPROVEMENTS IN INDUSTRY

HK300201 Changsha Hunan Provincial Service in Mandarin 2300 GMT 29 Mar 86

[Excerpts] Governor Xiong Qingquan said at a provincial telephone conference on industry and communications on 29 March: The second quarter is the golden season for industry and communications production. The leaders at all levels and of all departments must do their work thoroughly and promote the development of production.

Governor Xiong also called on the enterprises to step up ideological and political work, persevere in the managerial responsibility system, solve the problems within the enterprises, promote production, and invigorate the enterprises.

The province's industry and communications production plans in January and February were not fulfilled well. Since the provincial economic work conference, the party committees and government at all levels have taken steps to deal with the problems in production and revive it.

The provincial telephone conference put forward the following demands on organizing second quarter production:

1. Do a good job in implementing the policies laid down, the main policies being those on circulating funds, rewards for making foreign exchange through exports, taxes on the products of comprehensive-use projects, and product prices, and strive to invigorate the production operations of the enterprises.
2. Do a good job in fulfilling the tasks and ensure that total industrial output during the quarter exceeds 8 billion yuan.
3. Put various measures on sound basis.

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CSO: 4006/905

## ECONOMIC MANAGEMENT

### HUBEI SCORES SUCCESS IN DEVELOPING ECONOMIC TIES

HK300749 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 27 Mar 86

[Excerpts] Prefectures, cities, and autonomous prefectures of the province have actively developed lateral economic ties, as well as economic and technological cooperation, with other provinces and regions, thereby promoting economic structural reform and improving both economic results and social benefits.

According to statistics, in 1985 the province arranged over 2,300 contracts with other provinces and regions on economic ties, as well as over 3,500 contracts on technological cooperation, involving a total sum of more than 530 million yuan brought in from elsewhere.

Through lateral economic ties, the province increased its output value in 1985 by 1.7 billion yuan, which accounted for one-fourth of the increase in output value for the year.

The province's development of lateral economic ties is marked by the voluntary principle and by varied patterns. Regarding the patterns of lateral economic ties, there are combines dealing in research and production, shipping cooperation, processing of products, commerce and trade, transport, and so on.

The development of lateral economic ties has promoted exchanges and cooperation among provinces, thereby overcoming the province's problem of insufficient raw materials and energy resources. This has also expedited the pace of technological transformation and improvement of enterprises. Therefore, many factories and enterprises of the province have been able to improve their product quality and reduce their production costs.

The ties have also promoted the development of township enterprises in mountainous areas. Up to now, the province has arranged 350 economic cooperation projects with other provinces and regions, each of which covers more than one trade, involving a total of some 150 million yuan brought in from elsewhere. Also, more than 3,000 qualified personnel have been attracted to work in the province. This has helped change the face of mountainous areas.

The lateral economic ties have further strengthened the economic attraction of Wuhan, Shashi, Huangshi, and Xiangfan cities, thereby helping them give play to their role as key cities and improving both economic results and social benefits.



## ECONOMIC MANAGEMENT

### HUBEI LEADER ON CONTROLLING CONSTRUCTION INVESTMENT

HK310307 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 30 Mar 86

[Text] Vice Governor Qi Penghang stressed yesterday at a provincial construction bank work conference: We must further improve macroeconomic control, readjust the investment structure, and concentrate capital for the key points and provide them priority support, so as to ensure and improve the benefits of investment.

Qi Penghang pointed out that the construction bank must play a positive role in readjusting the production and investment structure. It must take stock of projects under construction, rearrange them in order of importance, and give priority to ensuring the capital needs of projects for turning out high-quality brand products, making foreign exchange through exports, and producing goods in short supply, together with those projects awaiting final completion and commissioning. We should postpone or cancel, as appropriate, projects that do not accord with the investment orientation, represent duplicate construction, are technically backward, lack assured supplies of raw materials, and produce poor economic results.

We must be all the more cautious regarding new projects. We must implement the guideline of the provincial CPC Committee and government on focusing on four things: construction for production; construction for raw materials, energy, and communications; technological progress; and construction for tapping internal potentials. The departments concerned must carefully examine the feasibility reports on new projects. The construction bank must make a proper assessment and evaluation for each project.

It is necessary to step up supervision and control over investment not covered by the budget. The construction bank must take advantage of its strong point in having access to many channels of information to provide consultation services for the enterprises, help them to identify projects required, and strive to ensure optimum economic results.

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CSO: 4006/905

ECONOMIC MANAGEMENT

ANHUI GOVERNOR ATTENDS ECONOMIC WORK MEETING

OW291425 Hefei ANHUI RIBAO in Chinese 11 Mar 86 p 1

[By ANHUI RIBAO reporter Li Xiaoqing]

[Excerpts] Anhui's economic front should deepen reform, further invigorate enterprises, and attach great importance to enterprise management and upgrading of technology. It should also rationally readjust the industrial structure of the macroeconomy, vigorously develop commodity production, and enliven banking work in order to ensure a sustained and steady growth in the economy. These are the major tasks of the province's economic work during the Seventh 5-Year Plan proposed by a provincial economic conference held recently in Hefei.

During the Sixth 5-Year Plan, especially in 1985, Anhui scored initial successes in economic reform and made much headway in economic development. However, compared with economically-developed provinces and municipalities in the country, we still have a long way to go. In order to open a new situation in the province's economic development as quickly as possible during the Seventh 5-Year Plan, the conference called on all localities and departments to pay keen attention to the following points:

First, it is necessary to accelerate economic development and strive to make our economic growth rate higher than the national average, as well as the average for the Shanghai Economic Zone. Second, it is necessary to continually readjust the structure of the economy in the course of development, including the proportion between light and heavy industry, and that between various branches of light and heavy industry, and build up urban economic strength in order to set up a structure of productive forces, centering around cities. Third, in promoting production, it is necessary to enhance a sense of market and commodity economy, and pay keen attention to the reaction of circulation to production.

Governor Wang Yuzhao and Vice Governor Zhang Dawei, Shao Ming, and Song Ming attended the conference.

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CSO: 4006/905

ECONOMIC MANAGEMENT

GUIZHOU URGES DEPARTMENTS TO HELP POOR AREAS

HK300755 Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 27 Mar 86

[Text] The provincial CPC Committee and government recently issued a circular assigning 39 provincial and city government departments, as well as Zunyi, Anshun, Liupanshui, and Guiyang cities, to help 15 counties and districts in terms of economics and policy, and to offer them services in order to let them get rich by reaping bumper harvest.

The counties and districts named include Wangmo, Luodian, Ziyun, Yanhe, Jianhe, Congjiang, Panxian, Bijie, Nayong, Dejiang, and Weining.

The provincial CPC Committee and the provincial government urged the responsible departments and the four cities to treat the work of helping these counties as an important task in improving work style and going down to the grassroots, into reality, and among the masses. The principle leaders must concern themselves with the work. There must be a deputy chief [words indistinct] responsible for training. They should frequently conduct studies in their counties and districts so as to get to know them well.

The circular stressed: the departments and cities must do well in offering services, which is the prime task. They should promote communications between the upper and the lower levels. They should report the progress of work, as well as problems and experience of reforms, so as to provide a basis for making [words indistinct] decisions. On the basis of conducting an investigation in a down-to-earth manner, they should discuss with the local CPC committees and government plans for extricating poor areas from their poverty-stricken state.

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CSO: 4006/905

## ECONOMIC MANAGEMENT

### GOVERNOR GAO DEZHAN ON 1986 MATERIAL SUPPLY ARRANGEMENTS

SK010611 Changchun Jilin Provincial Service in Mandarin 1030 GMT 31 Mar 86

[Text] On the afternoon of 30 March, Gao Dezhan, governor of the province, delivered a speech at the conference of directors of the material supply bureaus throughout the province. In his speech, he put forward four demands concerning the work of material supply departments this year. He emphatically pointed out: The material supply departments should foster the viewpoint of taking the whole situation into account and rendering services in order to adopt all ways and means to serve the operation of construction and production and to be good assistants of the governments, good advisors of the economic departments, and good rear serving units of enterprises.

At the conference, Governor Gao Dezhan analyzed the economic situation of the province and acknowledged the contributions made by the material supply departments in serving the operation of construction and production. He pointed out: Our province's task and target of economic work this year are clear and definite, in which the level of agricultural production should be restored to that before the disaster; grain output should reach 15 billion kilograms; and industrial production is expected to show an 8-percent increase. Efforts should be made to strive to score a 10-percent increase in this regard. The current and major contradictions are the strained situation in funds and the greater gap in material supply. The need of all industries and trades has set a higher standard in demands for the material supply departments. Grasping the work of material supply means to grasp industrial and agricultural production, financial revenues, social development, and the people's livelihood. Thus, he urged comrades on the material supply front and engaging in material supply work in various fields throughout the province to do a good job in fulfilling the following four tasks:

1. Efforts should be made to foster the viewpoint of taking the whole situation into consideration and to adopt all ways and means to organize material sources outside the plan. Grasping material supply in an all-round way means to proceed from the need of industrial and agricultural production, capital construction, and of various undertakings, and to bring material sources outside the plan into line with supplying operations. Efforts should be made to regard this task as a target that must be fulfilled and to realistically make a success of it. It is necessary for us to adopt all ways and means to develop or successfully utilize and manage material sources outside the plan by making use of the lateral economic associations of various forms and channels at all levels. In grasping material sources outside the plan, efforts should be made to carry

out the work in a regular manner, to systemize the work, and to establish bases of material sources outside the plan. The gross material source volume organized in 1986 must show more than a 10-percent increase over the .25 figure. In line with the criterion, we will appraise the work done by the departments this year. First of all we should firmly grasp the raw materials in excess of the plan in order to make up for the province's shortage in this regard and to bring economic results within the province. Efforts should be made to accelerate the pace of material turnover and adjustment in order to use the limited materials for the production items that are needed urgently.

2. Efforts should be made to foster the viewpoint of rendering service in order to adopt all ways and means to serve the operation of production and construction. It is necessary to establish the joint service networks of material supply and the chain responsibility system in the work. The material supply departments at all levels should make concerted efforts with the departments concerned to serve the program of manufacturing complete sets of equipment among enterprises. We should further reduce the links of commodity circulation in order to lower costs and to upgrade macroeconomic results. Efforts should be made to ensure the construction of key projects, an increase in economic results, and output increase of products enjoying brisk sales and of export products earning foreign exchange. We must ensure material supply and provide materials in a coordinated manner for the projects of capital construction and technical innovations, which can be put into production and yield results this year and ahead of schedule in particular, and can turn out products enjoying brisk sales.

3. The material supply departments at all levels should enhance their management of consumption in order to upgrade the managerial standards of enterprises. They should do a good job in supplying materials for the operation of production and construction on the one hand, and in managing material supply on the other. They should enhance their basic work and integrate their material supply with the production results of enterprises and with the results scored in investment in fixed assets. They should supply more fixed-priced materials to the enterprises that are advanced in fixing consumption quota and continuously lowering their consumption. They should reduce the supply of fixed-priced materials to the enterprises that have raised their consumption in order to force them to lower their consumption.

4. Efforts should be made to uphold the principle of building the two civilizations simultaneously and to strengthen ideological and political work. All industries and trades should set examples in straightening out party style and social morale. The material supply departments should earnestly deal with the problems of seeking personal gain by taking advantage of their profession and material supplies because they are managing materials and involved in monetary affairs. Those who have embezzled public funds, received bribes, and violated the law and discipline should be strictly dealt with. To make a success in the work, efforts should be made to first enhance ideological and political work and second to establish responsibility system among leading personnel, and to strengthen the audit and supervisory work within the material supply departments.

In conclusion, Governor Gao Dezhan pointed out: The work of material supply is very important and also arduous. The rate of market changes has become faster

and faster and the demand of various fields has become greater and greater. Thus, there will certainly be difficulties in dealing with some problems. He urged the broad masses of staff members and workers engaged in material supply throughout the province to be further galvanized into action to enhance their confidence in work, to overcome the difficulties, and to offer their suggestions and make efforts to be good rear serving units for the operation of production and construction.

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CSO: 4006/905

## FINANCE AND BANKING

### ROLE OF BANKS AS OLD ECONOMIC SYSTEM GIVES WAY TO NEW

Beijing ZHONGGUO JINRONG [CHINA'S BANKING] in Chinese No 1, 4 Jan 86 pp 9-11

[Article by Zhao Juncheng [6392 6511 2052]: "The Role of Banks During Transition Period as the Old Economic System Gives Way to the New"]

[Text] China is currently undergoing a transition period as the old economic system gives way to the new. The national economy is evolving from the closed to the open type, the economic structure is changing from the unitary to the pluralistic form, the method of administration of the material type is being replaced by the value type, the economic pattern based mainly on vertical relations is being replaced by that based on "crisscrossing vertical and horizontal relations with emphasis on the horizontal" and the highly centralized type of financial administration is being supplanted by the decentralized type. One major problem facing us is how to engage in the work of banking in a creditable manner during the transition period as the old economic system gives way to the new and to proceed smoothly with the work of promoting economic stability and reforming the system.

#### The Need To Update Our Thinking

The replacement of the old economic system by the new has given prominence to the position and functions of banks in the readjustment of the macro-economic system. However, the thinking and viewpoints which took shape among the banks as a result of the highly centralized and unified pattern of the past have not been replaced. If we are to keep pace with the changes which have occurred as a result of the replacement of the old economic system by the new and to develop fully the macroeconomic functions of banks in exercising control and making readjustments, we must shift the weight of our thinking from the microeconomic aspect to macroeconomic control and readjustment. At present, we must have a clear-cut conception of the three following viewpoints:

First, money is an important medium for exercising macroeconomic control. With the replacement of the material type by the value type of control in the national economy, the function of money as an independent form of value in economic administration has been escalated from a simple tool for accounting into a major means for readjusting the overall requirements in society. In 1985, the state, by making use of the banks to control the supply and



direction of the flow of money, was able to bring about a gradual change in the inordinate increase in consumer funds and the decrease in foreign currency reserves. That goes to show the effectiveness of the measure of making the banks the guardians of money, the flexible utilization of monetary policy, the adjustment of the scale of credit loans, the control of the main sluice gate to regulate requirements in society in order to curb inflation and to promote the development of economic coordination and a sound economic structure to bring about a balance in macroeconomic developments during the transitional period when the old economic system is being replaced by the new. Since that is a responsibility vested in the banks by the party and the state, we must shift our emphasis from the income, expenditure, and deposit of money to the need of making good use of money as a lever to bring about a balance between overall demand and supply and a coordinated economic ratio to establish a favorable environment for bringing about reforms and establishing confidence in the currency.

Second, banks are among the major factors responsible for macroeconomic readjustment. With the gradual development of the planned commodity economy of the state and as a result of guidance planning and market adjustments, the income allocated to enterprises and individuals out of the national income has gradually increased, the ratio of funds centralized and distributed by banks has gradually grown, and the pattern for the accommodation of funds in society has undergone a change. The relationship between commodities and money is thus being rapidly developed and money has become a link among production, circulation, distribution, and consumption. Under such circumstances, economic operations must have the support of money, the circulation of currency and monetary funds and banks have become important factors for the adjustment of the national economy. We must break away from the narrow concept that came into being over a long period of time of regarding banks merely as banks and turn our mind to the economy, economic research, and economic adjustment so that banks may truly be established as unified "readjustment factors" and a major lever for economic development and technical innovations.

Third, banking is an industry which contributes significantly to the four modernization construction projects. As Karl Marx had occasion to point out, money capital, more than other kinds of capital, provides an initial and a sustained motive force and serves as a medium for the reproduction of capital in society. One major special feature of modernized, large-scale production is the control which money capital has over industrial and commercial capital and the increasingly larger role played by money in the relationship between the national and international economy. We must, in addition to directing our efforts towards the development of commodity production, also establish a close link between the development of industries and loan funds and make use of funds as binding and catalytic agents to promote the realignment of the various key elements of production in order

to speed up the development of production in society. It is obvious that the development of banking is closely linked to the development of the entire economy and that banking is a major industry which promotes and serves as the focus of modernization construction projects. We must have a clear-cut idea of the responsibility which should be assumed by banks, study ways and means to accumulate money, to spend money and to generate money, and stimulate finance to promote the prosperity and vitality of the socialist economy.

#### The Need To Dedicate Ourselves To Our Tasks

During the transition period between the old and new economic systems, the two different economic mechanisms have presented different features in their operations, performed their different functions, and created a series of new problems in the control and readjustment of economic life in society. In response to the need for economic coordination and stability of development, the banks must establish an organic integration between the exercise of macroeconomic control and the invigoration of the microeconomy and set the benign circle of the national economy in motion.

1. The need to deal effectively with the problem of excessive investment in fixed assets. In 1985, some effective measures were adopted by the state to control the scale of investment in fixed assets. However, in view of the eagerness of the various localities to compete in capital construction and to engage in construction projects in duplication and in a blind manner in search of production value, the problem of neglecting product quality has not been basically solved. From a recent investigation of the loan situation, it is clear that there are still many new construction projects in progress and that effective control has not been exercised over the extension of loans for investment in fixed assets outside the plan. Due to the system for the supply of funds, the basic factor contributing to excessive investment in fixed assets may be attributed to the fact that neither decisionmakers nor executives have to assume the risk of investing in fixed assets. The situation has been rendered even more untenable by the fact that during the process of reform, while some financial power has been extended to the localities and enterprises, the responsibility for assuming the risk of investment has not been similarly relegated. This new situation, coupled with the drawbacks of the old system, has further escalated the demand for making investments and made it even more difficult to exercise effective control. To get at the root of the problem of excessive investment, it is necessary to reform the "eating out of the same big pot" system of investment and to establish a mechanism of self-restraint against making investments in a haphazard manner. The banks should also exercise control over the supply of fixed funds and raise the interest rate for loans to check investment demands. At the present time, it is necessary to enforce "the six don'ts," that is, to engage in projects outside the plan by rising funds in society, to divert circulating funds to capital construction projects, to use trust funds to invest in fixed assets outside the plan, to enlarge the scope of the "five projects not to be taken into consideration," to use bank loans as self-raised funds to engage in capital construction and to engage in new projects. As regards self-raised funds for engaging in new construction projects,

aside from strictly enforcing the practice of having them deposited prior to the granting of approval and obtaining approval before being used, the circulating funds required after the projects have been put into operation must first be deposited in the banks according to a fixed ratio.

2. Control over the excessive increase in consumer funds. The inordinate increase in consumer funds results mainly from the lack of effective control over the distribution of the earnings of the enterprises. Some enterprises have adopted the practice of turning a part of their production funds into consumer funds and of even resorting to deceptive means to distribute bonuses and payments in kind under various pretexts. For that reason, a link should gradually be established between consumer funds and productive effectiveness and a control mechanism should be set up to promote the increase in consumer funds and productive effectiveness in a coordinated manner. Insofar as banks are concerned, they must, aside from paying out wages according to the total sum of wages set by the state, also strengthen their control over credit loans and ready cash and put a stop to the improper practice of turning production development funds and collective welfare funds into personal consumer funds. They must strictly enforce the credit loan policy of requiring the enterprises seeking loans to have funds of their own amounting to 30 to 50 percent of the amount of loans. The banks should suspend the granting of new loans and take back the loans which have already been extended plus interest as a penalty from those enterprises which have made paper profits while suffering actual losses, which use loan funds for the payment of bonuses, and which make use of production development funds as incentive funds so that they may be compelled to use retained profits after the payment of taxes in a proper manner. Loans should also be taken back from those enterprises which supplement their circulating funds in violation of rules and regulations. The banks should suspend the payment of cash to those enterprises which violate stipulations regarding the management of cash, which evade supervision by the banks, and which pay excessive amounts of bonuses. A report of violations should be made promptly to the concerned departments.

3. Promotion of normal national economic operations. Last year, the banks, in response to the demand of the party and the state to reform the economic system, tightened the money supply and cut down on the amount of credit loans in order to control the overall requirements of society. While macroeconomic control is being strengthened, however, efforts must be made to invigorate and to increase the effective use of funds. Continued efforts must be made to deal with the problem of financial accommodation this year. First, the potential of funds must be fully exploited and the circulation of funds speeded up. Two situations have arisen insofar as funds are concerned. Because of insufficient funds, some economically effective enterprises and projects are prevented from expanding their production and operations, while large amounts of funds are being held and wasted by ineffective enterprises and projects. For this reason, the amount of loans must continue to be determined by the amount of sales and the quality of the products. The new principle for the extension of loans must be enforced to reduce the amount of loans, to suspend the extension of loans which have no economic effectiveness,

to clear up and to call in questionable loans which have been diverted to other purposes, and to suspend and recall loans extended to those enterprises which engage in the production of large amounts of unmarketable commodities. The funds thus saved should be used to support the production of famous, high-quality, and special and new products which are in demand, the production of export commodities which earn large amounts of foreign exchange, and projects which have proved to be economically effective. Second, we must manipulate funds in a flexible manner and increase the rate of fund utilization. We must, under the financial system of "unified planning, the division of funds, the actual extension of loans and deposit of funds, and mutual accommodation," make good use of the time gap, the difference in locations and the types of projects to fully exploit the potential of the funds owned by the enterprises themselves and to make good use of the adjustment of the surplus and shortage of funds in a flexible manner. We must, at the same time, also make a serious effort to increase bank deposits and to call in loans which have matured or which are overdue so as to increase the amount of credit funds. Furthermore, we must give proper guidance in the raising of funds in society and promote the lateral accommodation of funds. The way to engage directly in the accommodation of funds is to use it as a major means for utilizing idle funds in society to support economic development. However, due to the lack of a sufficiently clear-cut demarcation of policy, measures have sometimes been adopted that are inimical to the strengthening of macroeconomic control. In dealing with this problem, we must further strengthen administrative control, draw up without delay rules and regulations regarding the raising of funds in society and the extension of loans among the people, bring the raising of funds in society and the extension of loans within the sphere of bank credit loan operations, and supplement the inadequate credit loan resources of the banks in order to render better service to the development of the economy.

#### The Need To Improve Our Workstyle

While the Transition between the old and the new economic systems is in progress and horizontal economic relations are being widely developed, there is bound to be an increase in the number of unknown factors, new situations, and new problems. The banks must take it upon themselves to exercise proper macroeconomic control, to make the necessary adjustments and to monitor and reflect economic operations accurately. To that end, we must change our inefficient and bureaucratic workstyle, refrain from indulging in idle talk, get more actual work done, confront the actual situation and continue to discover new situations in the economy, the enterprises, and the basic levels and resolve the new problems that have cropped up. To improve our workstyle, we must be practical and realistic and seek truth from facts. We must also be given protection by the system. Consideration should be given to the establishment of the systems of investigation and research, of consultations and administration, and of rendering work reports. In accordance with the principles of simplification, unification, and efficiency, we must go a step further in reforming the banking structure, increasing the working efficiency of the organizations and rendering better service to the economy, the basic levels, the enterprises and the livelihood of the people.

The key to the development of the functions of the banks of exercising macroeconomic control, making readjustments, strengthening the establishment of organizations in the banking departments, and upgrading the quality of the cadres and the contingent of staff workers is to use the communist ideology to provide training to the personnel, to establish a correct ideology, and to develop the intellect of the rank and file in order to elevate the ideological level of the cadres and staff workers in the banks, to bolster their pioneering spirit, to widen their knowledge, to heighten their professional standard and to enhance their ability to adapt themselves to new circumstances.

9621/12851

CSO: 4006/791

FINANCE AND BANKING

PEOPLE'S BANK BRANCHES TO CONTINUE AT COUNTY LEVEL

Beijing ZHONGGUO JINRONG /CHINA'S BANKING/ in Chinese No 1, 4 Jan 86 p 24

/Article: "Joint Circular Issued by the People's Bank and the Industrial and Commercial Bank Regarding the Retention of People's Bank Branches at the County Level"/

/Text/ In order to ensure the implementation of the financial policy of the state and to strengthen financial control, the leading comrades in the State Council have decided that branches of the People's Bank of China should be retained at the county level. Consequently, the People's Bank of China and the Industrial and Commercial Bank of China have recently issued the following circular to their branches regarding certain problems pertaining to the retention of the offices of the People's Bank at the county level:

First, the question as to how many county-level organizations of the People's Bank are to be retained at the county level should be decided by the people's governments of the provinces, autonomous regions, and municipalities directly under the central government on the basis of the need to strengthen the work of the branches of the People's Bank in the provinces, autonomous regions, and municipalities directly under the central government. Following the establishment of the branches, other branches of the People's Bank may be established as the need arises.

Second, around 15 percent of the staff workers of the county branches of the People's Bank, including certain numbers of key workers, are to be transferred from the branches of the Industrial and Commercial Bank (including their business departments, but not their offices and deposit outlets); appropriate numbers of workers are also to be transferred from other specialized banks. The managers of the county branches of the People's Bank are to be selected from the existing managers and assistant managers of the Industrial and Commercial Bank or other specialized banks.

The staff workers of the county branches of the People's Bank and the first and second levels of the branches are to be paid an amount similar to that paid by the enterprises.

Third, the existing offices and property rights of the county branches of the People's Bank are to be listed by the Industrial and Commercial Bank in its

property account book. The Industrial and Commercial Bank is to take out 20 percent of the depreciation charge (not including currency depositories) to be used by the People's Bank. The depository where currency is kept is to be placed under the control of the People's Bank; the depositories of the county branches where currency and operation funds are kept are to be placed under the joint control of the People's Bank and the Industrial and Commercial Bank whose responsibility it is to ensure the proper incoming and outgoing of currency and operation funds; at the same time, a conscientious effort must be made to create favorable conditions step by step for separating currency from operation funds. Rights to the use of joint facilities are to belong to both the Industrial and Commercial Bank and the People's Bank. The dormitories for staff workers are to be kept by their present occupants. Such properties as desks and filing cabinets are to be transferred with the personnel who have been assigned to the People's Bank.

Fourth, the assignment of work to the county branches of the two banks must be undertaken conscientiously. It should be basically completed before the end of March and no later than the end of June 1986. After the organizations of the two banks have been set up, a report should be made to their head offices.

Fifth, the personnel and properties already assigned to the county branches according to the original arrangement are not to be changed.

The "Circular" emphasized that the establishment of the branches is an important piece of work, that the banks in the various localities must strengthen their leadership, that the entire body of staff workers must take the interests of the whole into account, that they should show mutual understanding and accommodation and that they should make joint efforts to carry on the normal operations of the banks while the various branches are being established.

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CSO: 4006/792



FINANCE AND BANKING

BANK PROPOSES MEASURES TO IMPROVE MACROECONOMIC CONTROL

Beijing JINGJI RIBAO in Chinese 2 Feb 86 p 1

/Article by Wang Gang /3769 6921/ and Zhang Nianqun /1728 1819 5028/: "Agricultural Bank Proposes Measures To Improve Macroeconomic Control in 1986"/

/Text/ Ma Yongwei /7456 3057 0251/, manager of the Agricultural Bank, announced at a meeting of branch managers of the bank throughout the nation on 1 February that the bank had decided to reduce the ratio of reserve funds for deposits in credit cooperatives in the rural areas by 25 percent compared to the previous 30 percent. This decision is one of the measures adopted to improve macroeconomic control in banking operations in the rural areas.

According to Ma Yongwei, emphasis will be placed by the state during the first 2 years of the Seventh 5-Year Plan on controlling the overall needs in society, resolving the problems arising from the excessively rapid growth of the economy, the excessive scale of investment in fixed assets, and the sharp increase in consumer funds to ensure the sustained, stable, and coordinated development of the national economy. In order to exercise control where control is called for and to render support to what merits support, it is necessary to improve the policy of macroeconomic control while it is being strengthened during 1986.

According to Ma Yongwei, measures for improving macroeconomic control of banking operations in 1986 include the following:

Reduction of directive planning and enlargement of the scope of guidance planning. The quotas for loans according to the guidance plan may be set for various items according to the actual needs of the locality.

The amount of loans may be determined by the amount of deposits. The total amount of deposits in excess of the quota for the year may be used as loans outside the directive plan to strengthen agricultural input, to support the extension of applied agricultural scientific and technical achievements, and to promote the developmental utilization of mountain areas, water surfaces, beaches, and grasslands.

Credit loans are to be dealt with on their merits. Rigid control is to be exercised over the scale of investment in fixed assets, while circulating funds are to be supplied in a reasonably flexible manner.

Due consideration is to be given to the development of the commodity economy in the impoverished areas and readjustments of the regional credit loan policy. First, the ratio of reserve deposit funds of the credit cooperatives is to be reduced by 20 percent in the economically undeveloped provinces, 25 percent in the intermediate provinces, and 28 percent in the economically developed provinces. Second, the ratio between the amount of loans and the amount of funds owned by the units concerned is to be reduced to a proper extent. Third, the state is to earmark 300 million yuan for the extension of loans in aid of the poor. Fourth, the banks are to increase to a suitable extent the amount of funds in support of credit cooperatives.

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CSO: 4006/792

FINANCE AND BANKING

WANG YUZHAO ADDRESSES ANHUI AUDITING MEETING

OW110102 Hefei ANHUI RIBAO in Chinese 28 Mar 86 p 2

["Excerpts" of Anhui Governor Wang Yuzhao's speech at provincial auditing meeting, entitled: "Strengthen Supervision Over Auditing Work, Promote Reforms in Economic System"]

[Text] The current provincial meeting on auditing work has propagated and studied the State Council's leading comrades' important instructions on auditing work as well as the guidelines set by the national conference; exchanged Anhui's experience in doing auditing work; and formulated the tasks for 1986. This is an extremely important meeting. In order to do an even better job in carrying out this year's auditing work, I would like to emphasize the following three issues:

I. Under the new situation, we have scored tremendous achievements in auditing work. The auditing departments in the province were only set up less than 3 years. With the support and coordination of the party committees and governments at all levels, the various auditing organs in the province audited a total of 4,404 departments and units in 1985, and questioned some expenditures totaling 320 million yuan, 71.9 million yuan of which should be turned over to the state. As of now, over 36 million yuan have been delivered to the state. These achievements can be attributed mainly to our efforts in earnestly implementing the state's policy and principle on auditing work and the strenuous endeavor of the broad masses of auditing workers. For the past year Anhui has made tremendous progress in auditing work. The various auditing departments addressed several issues: 1) they linked their auditing work with party rectification and closely coordinated with the party organs for discipline inspection in combating new unhealthy tendencies, and became capable assistants of party and government leaders in solving problems in this regard. Many of the major and important cases in the province were first discovered by auditing departments in their role as pioneers. 2) They carried out auditing work in various industries, and concentrated their efforts in solving some existing problems. 3) According to the unified plan formulated by the provincial government, they ensured that all administrative units periodically submitted their financial reports on the revenues and expenditures for auditing in order to enforce discipline on financial matters,

combat waste, and reduce expenditures. 4) They gained some good experience. For example, when a factory director (manager) was transferred out of Huainan City, the city adopted the measure of auditing financial statements and notarizing the results. The Bureau of Auditing in Suzhou City carried out auditing work among units planning to raise funds themselves for their own capital construction work. All of these are good examples. We must propagate such experiences gradually.

The auditing departments have not only increased the state's revenues, but more important, they have played important roles that the other departments cannot play: 1) They have enforced discipline on financial matters, implemented the economic policy of the party and the state; promoted reforms, and brought about fundamental changes for the better in party style and the general mood in society; 2) They have resisted unhealthy tendencies that undermine reforms, not only safeguarding the interests of the state and ensuring successful progress in making reforms, but also protecting the legitimate profits of the enterprises; and 3) in the course of carrying out auditing work, they have provided the various party committees and governments with meaningful reference data and useful information in making their policy decisions. They have also put forward some good proposals. On behalf of the provincial CPC committee and the provincial government, I wish to thank those comrades who work hard in the field of auditing for their achievements and hard work.

II. Further enhance our understanding of the importance of more supervision through auditing. There are two confused ideas at present about auditing. One asserts that auditing conflicts with reform and expanded decision-making power of enterprises; the other asserts that supervision through auditing is nitpicking, pure and simple. Both ideas are wrong. To have a correct understanding of auditing work, it is necessary to correctly understand and handle well the following three relationships:

1. It is necessary to correctly understand and handle well the relationships between supervision through auditing and economic restructure. Our economic restructure with the focus on the urban economy meant among other things discarding the systems and regulations unsuitable to the development of productive forces, even including the reform of people's thinking, action, and concepts. Reform means breaking with one thing and establishing others. Invigorating the microeconomy, we must at the same time strengthen and improve the macroeconomic control and management. Both tasks are indispensable. To arouse the workers' enthusiasm, we must invigorate the microeconomy, give more decision rights to the basic level, and enforce the responsibility system. However, "to invigorate" by no means allows "chaos creating." People are absolutely not allowed to violate the financial and economic discipline or engage in speculation, swindling, and other illegal activities. Thus, more supervision is needed. We must clearly understand that both making further efforts to invigorate the microeconomy and strengthening and improving the direct and indirect macroeconomic control are the important aspects of the restructure. Objectively appraising the economic activities of audited units and correcting and solving the existing problems according to the state's

laws, policies so that the audited units can improve their management and increase their economic results, the auditing units' tasks concretely reflect that the government's economic management function has changed from chiefly direct control to chiefly indirect control. Its task is also to further improve the important link in China's indirect control system. It is obviously wrong to say auditing is in conflict with reform and think that auditing hinders reform. We should say with perfect assurance that auditing is a principal means to promote reform and guarantee its sound development.

2. It is necessary to correctly understand and handle well the relationship between supervision through auditing and promotion of the economic construction. As our country's modernization drive is fully under way, auditing has become an important guarantee for more modernized economic management and greater economic results. Auditing on the one hand uncovers existing problems in enterprises' management and strictly enforces financial-economic discipline; on the other hand, it offers suggestion for better management and greater economic results. This is the correct direction we must follow. As the economy keeps developing, the important role of auditing in promoting better management, higher economic results, and faster economic construction will be more and more apparent.

3. We should have a clear understanding of and properly handle the relationship between instituting an audit and supervision system and our efforts to fundamentally improve the party style and social atmosphere. The central authorities have repeatedly stressed that we should pay attention to promoting material and spiritual civilizations simultaneously. Currently, unhealthy party style and social atmosphere are mainly demonstrated in the economic field. Auditing organs are departments responsible for the supervision of financial and economic activities. Therefore, examining and correcting problems discovered in auditing are part of the work needed to improve party style and social atmosphere. Party committees and governments at all levels should attach importance to and make good use of this important work force, and audit departments should also justly and forcefully carry out their job.

III. We should further strengthen leadership over audit work, devotedly explore the correct approaches to good audit work, and bring audit work into full play.

Leaders at all levels should make further efforts to enhance the sense of pride and responsibility of audit workers, and build an echelon of auditors who are politically and ideologically sound and vocationally competent. We should educate cadres to grasp major issues, take account of the overall situation, do their own job well, work hard in unison, observe established discipline and law, and compete in making contributions. We should also cultivate among cadres a good workstyle of adhering to principles, struggling boldly, seeking truth from facts, being honest in performing one's duties, courageously creating a new situation in one's work, and attaching importance to practice results, so that they can play a leading role in promoting spiritual civilization. In addition, we should make constant efforts to

learn new things and improve our knowledge in political theory and the vocational field, be bold in putting things into practice, be courageous in bringing forth innovative ideas, and, with the spirit of reform, persistently explore new ways to carry out audit work.

We should strengthen leadership over audit work in a down-to-earth manner. Party and government leaders at all levels as well as all departments concerned should firmly support audit organs' work just as they support reform. We should give our support to audit organs in independently exercising their audit and supervision authority according to the law. We should say whatever we think needs to be said, and make decisions whenever we deem necessary. Moreover, we should take effective steps to solve various practical problems encountered by audit organs, such as selecting appropriate personnel, and seeking suitable offices, dormitories, and funds for them.

Regarding internal audit organs, governments at all levels should set them up and make them functional as soon as possible according to the "State Council's Provisional Regulations Governing Audit Work." This is part of audit work which must be properly carried out.

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CSO: 4006/923

FINANCE AND BANKING

PEOPLE'S BANK OF CHINA OFFICIAL EXPLAINS POLICIES

HK070831 WEN WEI PO in Chinese 2 Apr 86 p 3

[Report by reporters' group from Beijing: "Liu Hongru, Vice President of the People's Bank of China, on China's Monetary Policy"]

[Text] Liu Hongru, vice president of the People's Bank of China, today answered Hong Kong and Macao reporters' questions. The questions were summed up in two aspects: Questions about foreign exchange rates and questions about macroeconomic control. Here are the questions and answers:

Question: Will the Renminbi exchange rate be lowered owing to a devaluation of the Renminbi?

Renminbi Will Fluctuate According to the Situation

Answer: The exchange rate is the rate according to which currencies are exchanged so that the exchange rate is determined by changes in the value represented by currencies. We decide and adjust the Renminbi exchange rate according to our country's economic and financial policies, price changes on the domestic market and the world market, and the foreign currency changes. Last year, because the U.S. Government implemented the "policy of three highs: high interest rates, high exchange rates, and high deficit, the U.S. dollar exchange rate was very high. As a result, the Renminbi exchange rate was lowered accordingly. Near the end of last year, our country carried out readjustments on the price structure so that the general level of prices rose. Because of the price hikes on the domestic market, the Renminbi exchange rate was lowered. Since the Renminbi depreciated on the domestic market, it also depreciated on the world market. If the Renminbi had not depreciated, then it would have been artificially revalued upwards, which would not conform to the objective demand of the exchange rate readjustment.

As to the question whether the Renminbi exchange rate will be lowered in a planned way this year, just now, I have said that we decide and adjust the Renminbi exchange rate according to the price changes on the domestic market and the world market and, the change of the exchange rates of various foreign currencies so that the Renminbi exchange rate will rise or drop when the abovementioned factors change. So we have implemented the method of letting



the Renminbi fluctuate to manageable levels. At present, we have no plan as to greatly lower the exchange rate of the Renminbi in a planned way. As for the future, we will only be able to decide and adjust the Renminbi exchange rate according to the actual situation in the future. If great changes take place on the world market, and the prices on the domestic market change greatly because of the implementation of the planned commodity economy, then the Renminbi exchange rate will inevitably be changed.

Question: How will the central bank strengthen its control over loans and credit and the volume of currency in circulation?

Answer: Owing to insufficient macroeconomic control in the fourth quarter of 1984, the state-owned banks vied with one another in providing loans, resulting in such a situation that too many loans were provided and the volume of currency in circulation was excessively large. So in 1985, the State Council adopted a series of measures to strengthen macroeconomic control. These measures have achieved good results. Last year, the industrial output value increased by 18 percent, agricultural output value went up by 13 percent, and the currency supply decreased by 6.6 billion yuan as compared with that in the preceding year. However, in order to support the normal development of production the state-owned banks continued to provide loans to those enterprises which were capable of producing good economic results while stopping the practice of blindly providing loans to enterprises which could not produce good economic results. The funds needed by normal production development were basically guaranteed. So last year, the number of loans actually increased by 22 percent.

#### To Control Credit Does Not Mean To Contract Credit

To answer the question whether we will contract credit or not in 1986, our methods are not only to strengthen macroeconomic control and maintain currency stability but also to support normal economic development and maintain a certain rate of economic development. And according to Premier Zhao's report, the number of loans in 1986 will increase along with economic growth. Our initial plan is to increase the number of loans by 16 percent on the basis of year-end 1985. Of course, the credit plan is different from other kinds of economic plan, for it changes along with the economy. So the credit plan cannot be fixed at the beginning of the year. In the meantime, we will control the input of currency, guarantee the supply of funds needed by normal production, and maintain currency stability. What measures should we adopt? Our measures can be summed up as follows:

#### Five Measures Are To Be Adopted

1. To increase deposits, especially the bank savings of the people in the urban and rural areas. At present, the bank savings of the people in the urban and rural areas account for a big proportion of the total deposits in the banks. Now, we will expand the bank network and improve the quality of bank services. We will also urge the postal service, and its affiliated departments,

and enterprises to carry out savings. The postal service, and its affiliated departments, and the enterprises will turn the money over to the banks and receive a commission for so doing. In this way, we will expand our money sources and increase our bank deposits.

2. To continue to control the scale of the loans on fixed assets, that is to control capital construction. Loans on fixed assets should be strictly controlled according to the state plan.

3. To continue to provide funds for the normal needs of production and circulation, which means to support circulation funds, as we call it in China. We should provide loans for enterprises whose products sell well on the market and whose economic results are good, and should control loans provided to enterprises whose products are stockpiled and do not sell well on the market. This means that we will push ahead with the readjustment of the economic structure by readjusting the structure of credit funds, both at the top and at the bottom. Generally speaking, we will not only maintain the present credit scale but also invigorate the economy.

4. To continue to strengthen control over the consumption funds. The banks should cooperate with the relevant departments and supervise the use of the consumption funds according to the state policy and the planned amount of consumption funds.

5. On the question of foreign exchange, the right to control Renminbi and foreign exchange rests with the People's Bank of China which acts as the central bank. Thus, the People's Bank of China should strengthen controls on foreign exchange and adopt measures to increase exports, develop tourism, and ban unreasonable foreign exchange expenditures.

Finally, the banks should carry out the relevant structural reform. As for how the banks will invigorate their funds and develop the horizontal relations of their funds, I won't have much to say because time is limited.

In a word, we will not simply tighten the money market, but instead, we will control the scope of loans and reasonably provide loans. We have not tightened the money market. We did not tighten the money market last year. As mentioned [word indistinct], we will expand the money market this year.

Question: Will our country issue share certificates and establish experimental stock markets?

The Establishment of Stock Markets Is Not To Be Considered for the Time Being

Answer: The issuance of share certificates is still at the experimental stage in the hinterland. After getting approval, the collectively-owned units can issue share certificates. If needed by the horizontal combinations among enterprises, the enterprises can also issue share certificates. However, the

question of widely issuing share certificates is more complicated, so at present, we have not considered opening up share markets. This is because the question regarding the development of share certificates has not yet been solved. On the one hand, we will make experiments and explore experiences, and on the other hand, we will make laws. At present, we are making the relevant laws. As for the question of collecting funds in Hong Kong, of course, during the period covered by the Seventh 5-Year Plan, we will make use of foreign funds and funds in Hong Kong. But as to how much is to be used and how to use the funds, we will make specific decisions according to the development of the situation and the specific needs of various sides.

Question: Can you tell us whether the malpractices have seriously affected bank work?

Answer: Minister Zheng Tuobin has already mentioned the influence of the malpractices on the economic work. As far as finance is concerned, Minister Zheng has talked about the malpractices concerning foreign exchange. Another malpractice is concerned with Renminbi. In the past, we did not pay attention to the economic results when using loans to establish various companies. Some bank cadres even used the loans to establish relationships with others and seek personal gains by misusing loans and abusing their power. Last year, we adopted a series of measures which have achieved good results. The measures were many-sided: First, we carried out a general examination of credit and foreign exchange, and then dealt with the problems according to the specific situations and natures; second, we strengthened the rules and regulations, made laws, and drew a clear demarcation line; and third, we carried out ideological education and theoretical construction while rectifying the malpractices.

Question: Is there any plan to abolish foreign exchange certificates?

This Is a Plan To Abolish Foreign Exchange Certificates

Answer: Foreign exchange certificates have played a certain role since their issuance, but they have also brought about many problems. We have received many complaints about foreign exchange certificates. We indeed are planning to abolish foreign exchange certificates. However, the specific plan needs to be studied and discussed, and we have not decided the exact date for abolishing the foreign exchange certificates.

Question: Does China plan to issue a special economic zone currency?

A Special Economic Zone Currency Is Not To Be Issued for the Time Being

Answer: On the question of issuing a special economic zone currency, the various circles in Hong Kong and Macao have different views. We think that apart from the question of different views, there is also a question of economic conditions, including the economic development standards of the special economic zone and the situation of the foreign exchange revenues and

expenditures. We have not yet issued special economic zone currency because we will lack the necessary conditions. As for what we will do in the future, we will carry out further and detailed study on this issue.

Question: Can you tell us the role and significance of China joining the Asian Development Bank [ADB]?

Answer: China's joining the ADB has opened up a new area for cooperation among the developing, especially for the development of cooperation among developing countries in the Asian-Pacific region. China will also acquire new channels for using foreign funds through her membership in the ADB. We will undertake our responsibilities and carry out cooperation with all sides in the spirit of equality and mutual benefit and according to the ADB agreement and the decision on China's joining the ADB passed by the ADB Board of Directors. The question about how much China will borrow from the ADB and how China will use the funds will be discussed later. We will consider both our own needs and the ADB conditions in deciding our policies. In April this year when the ADB holds its annual meeting, State Councillor Chen Muhua, who is also president of the People's Bank of China, will lead a Chinese delegation to attend it. Now the question to be discussed with the ADB is about allowing China to independently install her director on the ADB Board of Directors. This question is now under consultation.

Question: What are the latest foreign exchange reserve figures?

Answer: The latest figure on China's foreign exchange reserves are announced every quarter. The latest figures on China's foreign exchange reserves for the first quarter of this year will be announced soon. China's foreign exchange reserves at the end of 1985 were approximately 11.9 billion yuan.

Question: Does China plan to make a law regarding a stock exchange?

It Is Still Difficult To Make a Law Regarding a Stock Exchange

Answer: Now, share certificates are only being issued as an experiment. Only collectively-owned units and some state-owned units which carry out horizontal economic contacts are allowed to issue share certificates, and only a small number of share certificates have been issued. Since we still lack practical experience, it is impossible for us to formally make a perfect law regarding a stock exchange. So the State Council plans to implement some measures concerning the administration of share certificates as an experiment. When we have gained enough experience, we will enrich, perfect, and then submit the proposed law regarding a stock exchange to the NPC Standing Committee for discussion and approval, and finally, the NPC will formally enact a law regarding a stock exchange.

At present, we are studying and drafting administrative measures. Owing to the lack of experience and time, we still have some difficulties.

So provinces have already implemented their own provisional administrative measures regarding a stock exchange.

Question: Will you please tell us something about China's plans of providing loans to foreign countries in 1986?

Answer: China's government-owned banks and commercial banks have begun providing loans to foreign countries and regions. China has also issued bonds in foreign countries. This year, we will provide loans to foreign countries and regions. And next year, we will continue to provide loans to foreign countries and regions. We have exercised rigid control on this work in order to make sure that the countries or regions which borrow from China have the ability to repay, and to make sure that the best use will be made of the funds provided to foreign countries and regions. So, the loans provided to foreign countries or regions will be strictly examined and approved according to the relevant regulations of the State Council.

We will examine and discuss the loans to be provided to foreign countries and regions one by one so as to know clearly about the economic results of the loans provided to a certain foreign country or region and whether the would-be recipient country has the ability to repay or not. So, I cannot give you a specific figure now on the loans to be provided by China this year to foreign countries or regions.

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CSO: 4006/923

## FINANCE AND BANKING

### MAYOR DISCUSSES OPENING OF CHONGQING'S FINANCIAL MARKET

HK090809 Beijing ZHONGGUO XINWEN SHE in Chinese 1528 GMT 7 Apr 86

[Text] Beijing, 7 Apr (ZHONGGUO XINWEN SHE)--As the first city of China undergoing overall urban reform, Chongqing has attracted nationwide attention. In an exclusive interview with a ZHONGGUO XINWEN SHE reporter, Xiao Yang, mayor of Chongqing, who is now attending the Fourth Session of the Sixth NPC in Beijing disclosed the news of the opening of Chongqing's financial market.

Chongqing was known as a densely populated city with abundant natural resources more than a thousand years ago. Now it has become one of China's important industrial cities with sound economic strength. Following the on-the-spot investigations conducted by Hu Yaobang, Deng Xiaoping, and Zhao Ziyang in 1983, Chongqing was selected as one of the cities to undergo the urban reform experiment. Over the past 3 years, Chongqing has achieved market successes in reforming the production, exchange, circulation, and distribution systems. With the approval of the CPC Central Committee this spring, five of China's cities, Chongqing, Guangzhou, Wuhan, Shenyang, and Chongzhou, will conduct experiments on opening their financial markets.

Xiao Yang believed that China's current financial system was characterized by barriers erected between departments and trades without lateral economic ties. Only by opening the financial market can the funds circulate freely in the market and can we develop the commodity economy and invigorate enterprises. Chongqing can develop into an economic center only after it has become a financial center.

Xiao Yang explained that the measure to open Chongqing's financial market can be divided into two steps.

The first step, which has already started, can be divided into three levels: Nationwide readjustment of funds, namely, the readjustment of funds between the banks of Chongqing and other provinces and regions, so far the funds readjusted among the banks of Chongqing, Beijing, and Guangzhou total 100 million yuan; readjustment of funds among the specialized banks within the Chongqing area, such as the agricultural bank allocating funds to the construction bank; and readjustment of funds among various trades. Meanwhile, the funds lying idle among the masses should be mustered and used in the commodity market as well as in construction.

After strengthening lateral economic ties, the second step of reform will be carried out, that is, enterprises may freely transfer the possession of their shares so that they can flexibly use the funds to develop production with greater profits. Meanwhile, they can also make use of foreign capital by establishing contacts with foreign banks or issuing bonds abroad.

In order to meet the needs of reform, Chongqing has set up an investment trust corporation and a financial company and plans to establish some foundations. These new financial organizations were set up with investment from various enterprises. The enterprises may either share the profits or be paid with interest.

Mayor Xiao Yang, who graduated from Qinghua University and was once responsible for Beijing's foreign economic work, said that opening the financial market is a new question in urban reform. It is an inevitable outcome of lateral economic ties. It is bound to be obstructed by the old, rigid economic system. Smashing the trammels of the old system is still a major problem.

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CSO: 4006/923



FINANCE AND BANKING

SICHUAN HOLDS BANK CONFERENCE ON LIQUID FUNDS

HK290645 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 26 Mar 86

[Text] The current provincial conference of heads of city and prefectural branches of the People's Bank, being held in Chengdu, proposed that this year, the province's financial departments must spend efforts on improving the macroscopic control of finance, and readjust the amount of loans. In order to achieve the best results with the limited funds, the conference formulated clear definitions regarding granting loans in liquid funds.

The orientation for granting loans as defined by the conference is that we should uphold the principle of granting loans to those who are qualified. We should support the development of enterprises dealing in energy resources, transport and raw materials. We should support the production of marketable consumer goods for daily use. We should support production and purchasing in enterprises which earn foreign exchange through export. We should support the development of large and medium-sized enterprises in the areas of invigoration and tertiary industry. When granting loans to peasants, we must focus on the development of farming in areas, such as grain production and stock-breeding, and ensure the accomplishment of assigned targets for the purchase of agricultural and sideline products. Any enterprise which continues to produce unmarketable goods or which cannot make up for the losses caused by its operations or by policy is prohibited from receiving loans. The banks should follow a mandatory plan when granting loans for fixed assets. They should strive to keep the amount of loans below the maximum level.

The conference also stressed: We should examine and sort out our present projects, and seriously control new ones. We should make arrangements for loans based on the practice of supporting output of products in short supply and restricting output of products in ample supply.

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CSO: 4006/923

FINANCE AND BANKING

BRIEFS

SHANGHAI SAVINGS DEPOSITS--By 20 March, the people's savings deposits in Shanghai Municipality had increased by 520 million yuan. Currently, the remaining sum of savings deposits at all banks of industry and commerce in the municipality has reached 5.94 billion yuan. [Summary] [Shanghai City Service in Mandarin 1100 GMT 23 Mar 86 OW] /6662

CSO: 4006/923

ENERGY

PRC CANCELS AGREEMENT TO PURCHASE NUCLEAR REACTORS FROM FRG

Hamburg DER SPIEGEL in German 10 Mar 86 p 164

[Unsigned article: "Painful Blow"; first paragraph is a SPIEGEL observation]

[Text] Since the German reactor builders did not get a chance in China, it is completely unclear what is going to happen with regard to Beijing's nuclear plans.

The 48 red files in room 2657 of the Beijing "Minzu" Hotel only have documentary value since the past week: The billion project of the FRG Kraftwerk Union (KWU), which is described there on thousands of pages in all technical details, has been canceled by China's economic planners because of a lack of capital and foreign exchange.

The thus far biggest German-Chinese nuclear project involved the turnkey construction of two nuclear power plants with 1000 megawatt each. The Chinese rejection is "a painful blow," according to Werner Henschel, KWU's Beijing representative. The Siemens subsidiary had already invested DM 10 million in the project.

Last summer, foreign ministers Wu Xueqian and Hans-Dietrich Genscher, watched by the satisfied smiles of Federal Chancellor Helmut Kohl and Premier Zhao Ziyang, had agreed in Bonn that the Germans were to deliver a total of four nuclear reactors. Two years ago the FRG had concluded an "Agreement on Cooperation in the Field of the Peaceful Use of Nuclear Energy." "Nuclear energy is safe, clean and a progressive energy source," Vice Premier Li Peng raved at that time.

Three to four large and medium-sized nuclear power plants were to be built by 1990; by the turn of the century Beijing wanted to have ten nuclear power plants with a total capacity of 10,000 megawatt. By the year 2000, the estimates went, nuclear power would constitute about 4 percent of the total Chinese consumption of electricity.

Following the latest decision, not much will be left of the ambitious plans. For the time being, only two nuclear power plants are to be built.

The Qinshan nuclear reactor in Chekiang Province is to go on stream with 300 megawatt in 1986. The power plant will supply especially Shanghai, the city of 10 million situated 126 km to the north. The Qinshan reactor, constructed according to the obsolete technology of Westinghouse, the U.S. power plant builder, is praised as the first domestic development. Also being continued is the construction of the Dayabay nuclear power plant in the southern province of Kuangtung, which, with a capacity of 1800 megawatt, will sell the power for good foreign exchange to nearby Hong Kong.

Here, too, KWU had submitted its bid--without success. The Chinese negotiated with the British and the French; the contract is not yet set. Early March, the rumor goes, the final award is to go to General Electric and Framatome.

The German power plant builders had negotiated with all the more determination in connection with the project that has now been stopped. At the end of 1985 delegations numbering up to 40 persons had discussed all details for the construction of the first two pressurized-water reactors with the Chinese in Beijing and in Wuxi near the planned location. As recently as early March, KWU chairman of the Board Hans Frewer negotiated in Beijing. "The technology was 100 percent clear," KWU representative Henschel said, "we had hopes."

There wasn't enough money, but that also did not appear to be an obstacle. The partners had built a golden bridge for the foreign-exchange-short Chinese from concessions and offers of barter transactions. The bundle, put together in such a complex way, provided that half of the 6 billion DM installation would be settled with delivery of metals. Moreover, the Germans wanted to purchase grain, petroleum and bituminous coal as well as 6,000 tons of natural uranium from the Chinese. Plans also called for the politically controversial final storage of 150 tons of spent fuel elements in China.

The fact that this deal did not materialize is connected with the worry of the Chinese about too many debts and political dependence. Beijing wants to consolidate the reform policy of "opening to the outside and revival within," which led to illegal imports of luxury goods, to economic criminality, corruption, and overheated market conditions, by a conservative budget policy.

Thus KWU chairman Frewer returned from Beijing merely with a noncommittal declaration of intention: Both sides want to continue the cooperation in the field of nuclear energy.

The Chinese did not even want to say whether or not the other planned nuclear reactors would be built at all. The question was still being considered, they said.

All interested parties for possible new large-scale nuclear projects are being put off to the next 5-year plan: They could perhaps get an opportunity then. But the plan does not start until the year 1991.

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CSO: 3620/625

## INDUSTRY

### GUANGXI HOLDS CONFERENCE ON LIGHT INDUSTRY

HK011017 Nanning Guangxi Regional Service in Mandarin 1100 GMT 30 Mar 86

[Excerpts] A regional conference on light industry work was held in Nanning from 25 to 29 March. Some 230 representatives from all prefectural, city, and county economic commissions and light industry bureaus, some backbone enterprises, and departments concerned at the regional level throughout the region attended the conference. In conjunction with our region's realities, the conference summed up the first light industry work during the Sixth 5-Year Plan period, discussed the plan for developing our region's first light industry during the Seventh 5-Year Plan period, and made arrangements for work for this year.

The conference pointed out: During the Seventh 5-Year Plan, to develop our region's first light industry, it is necessary to establish such basic guiding ideology as persisting in placing reform above everything else, further straightening out economic relations, vigorously developing economic relations among enterprises and regions, strengthening the management of trades, regarding the raising of economic results as the center, speeding up technological progress, improving the quality of products, increasing the varieties of products, reducing consumption, and enhancing the level of management.

The conference decided on the target of struggle of our region's first light industry during the Seventh 5-Year Plan period, which is that the gross output value by 1990 must be 150 percent more than in 1980, that the annual average increase during the Seventh 5-Year Plan period must be 12.62 percent, that importance must be attached to the development of the papermaking and food industries, that plans should be made for the building of the Nanning and Hexian County large chemical pulp papermaking plants, that the Nanning and Guilin Breweries should be expanded, and that five trades--papermaking, canning, beer, beverages, and glass bottles--should be made the key trades to bring along the development of the first light industry throughout the region. Through our efforts during the Seventh 5-Year Plan period, we must gradually reduce the discrepancies between our region and the advanced provinces and municipalities in the whole country and lay the foundation for invigorating the economy in the nineties.

The conference also made arrangements for work for this year and demanded: It is imperative to further do well in reform of the economic structure of light industry. In accordance with the demands of the market, we must organize production and business well. We must strengthen control over the quality of products and develop new products. We must work hard to expand exports and raise economic results in an all-round way. We must make a good start to lay the foundation for realizing the Seventh 5-Year Plan.

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CSO: 4006/901

## INDUSTRY

### BRIEFS

ANHUI TEXTILE INDUSTRY--Anhui's textile industry made great headway in January and February this year. The total output value for these 2 months was 396 million yuan, up 22.89 percent compared with last year's corresponding period. This growth rate was higher than the average industrial growth rate in the province. It also topped the nation's average growth rate for the textile industry. The amount of profit and tax that Anhui's textile industry handed over to the state in January and February, totaled 43.7 million yuan, or 14.6 percent more than last year's corresponding period. Exports of textile products during these 2 months amounted to 44.31 million yuan. [Summary] [Hefei Anhui Provincial Service in Mandarin 1100 GMT 23 Mar 86 OW] /12712

SHANGHAI INDUSTRIAL PRODUCTION--Industrial production in Shanghai rose steadily in March. According to statistics, the municipality's total industrial output value in March reached 7.545 billion yuan, up 4.2 percent over the same month of 1985. Total industrial output value in the first quarter reached 20.041 billion yuan, an increase of 1.8 percent over the corresponding period of last year. [Summary] [Shanghai City Service in Mandarin 1100 GMT 4 Apr 86 OW] /12712

SICHUAN IRON, STEEL CORPORATION--The amount of profits and taxes of Panzhihua Iron and Steel Corporation, Sichuan Province, which was built by our country itself, from 1980 to February this year was 1.52 billion yuan. After offsetting the deficits of the 7 years since it was put into operation in 1970, the Panzhihua Iron and Steel Corporation has recovered all state investment in the first phase of its project. The Panzhihua Iron and Steel Corporation is a large iron and steel complex with a designed annual capacity of 1.5 million tons of steel. The construction of the corporation began in 1965 and the first phase of its project was basically completed in 1974. The corporation began reducing deficits in 1978. [Summary] [Chengdu Sichuan Provincial Service in Mandarin 0030 GMT 6 Apr 86 HK] /12712

GOVERNOR ATTENDS FORUM ON SILK INDUSTRY--How can Zhejiang, which is famous for its silk, bring its superiority in the silk industry into further play and turn out the highest quality silk in great demand on the world market? To find an answer to this question, the provincial economic research center held a special forum on the silk industry in Hangzhou 13-16 March attended by experts, scholars, and comrades from concerned departments and enterprises. Governor Xue Ju attended and spoke at the forum. Forum participants fully



confirmed the province's achievements in cocoon and silk production during the Sixth 5-Year Plan. Last year, Zhejiang's silkworm cocoon output reached an all-time high, while its foreign exchange from silk exports constituted one quarter of the province's total foreign exchange earnings and its white silk output topped other parts of the country. However, compared with Jiangsu and Shanghai, Zhejiang is rather backward in processing and exporting silk and satin. Such backwardness is highly incompatible with the province's good reputation within the silk industry. The participants offered many sound ideas for revitalizing the province's silk industry. [By ZHEJIANG RIBAO reporter Yu Wenming] [Excerpts] [Hangzhou ZHEJIANG RIBAO in Chinese 17 Mar 86 p 1 OW] /12712

CSO: 4006/901

25 April 1986

## SMALL-SCALE ENTERPRISES

## BRIEFS

FUJIAN RURAL ENTERPRISES--The total revenue of Fujian's township and town enterprises for January and February exceeded 1 billion yuan, surpassing last year's corresponding period by 33 percent. The revenue earned by such enterprises in Zhangzhou, Putian, Quanzhou, and Fuzhou cities accounted for about 75 percent of the province's total. [Summary] [Fuzhou Fujian Provincial Service in Mandarin 1130 GMT 24 Mar 86 OW] /12232

CSO: 4006/905

FOREIGN TRADE AND INVESTMENT

GOVERNMENT SPOKESMAN ON FOREIGN EXCHANGE CONTROLS

Shenzhen SHENZHEN TEQU BAO in Chinese 23 Sep 85 p 1

[Interview with official from the National Foreign Exchange Control Bureau: "Responsible Person from National Foreign Exchange Control Bureau Answers Reporter's Questions on Foreign Exchange Controls;" date and place of interview not given]

[Text] One of our reporters recently interviewed a responsible person from the National Foreign Exchange Control Bureau on questions regarding foreign exchange controls.

[Question] What is the current situation in the control of foreign exchange?

[Answer] A series of reforms have been made in the last year in the control of foreign exchange in order to suit the needs of the planned opening up to the outside of the commodity economy system, which include: 1. Loosening foreign exchange controls for Chinese-foreign joint enterprises to permit the use, with approval, of foreign currency for quoting prices and settling accounts for a portion of their commodities sold domestically. This will aid in resolving the foreign exchange balance in joint venture enterprises. 2. Allowing some monetary agencies to do business in foreign exchange, and permitting the China Industrial Commercial Bank and the China Agricultural Bank in the Shenzhen, Zhuhai and Xiamen SEZ's to engage in some foreign exchange activities. 3. Granting permission to the Bank of China and the China International Trust and Investment Co in Japan, the FRG and Hong Kong to issue Japanese yen, marks and Hong Kong dollars and bonds in the monetary markets in order to raise foreign capital. 4. The expansion of the scope of business activities in Shanghai of four foreign and overseas Chinese banks--Hong Kong and Shanghai Banking Corporation, Majaili [7796 0502 0448], Bank of East Asia Limited, and Hua Chiao Commercial bank Limited. The People's Bank of China has also granted permission to the Hong Kong Guangdong Provincial Bank and the Macao Nantong Bank to open branches in the Shenzhen and Zhuhai SEZ's, and to establish as a joint venture with China in Xiamen, a Xiamen International Bank. The Hong Kong and Shanghai Banking Corporation was recently also given permission to open a branch in Shenzhen. 5. The Bank of China has, in some cities, allowed individual foreign currency accounts in order to make unused foreign exchange in the hands of residents serve the state and the four modernizations. In addition, in

order to provide laws regarding the investigation and handling of illegal activities involving foreign exchange, we have announced, with the approval of the State Council, "Detailed Rules and Regulations regarding Penalties for Illegal Activities Involving Foreign Exchange Control."

[Question] What are the present problems in the utilization and control of foreign exchange?

[Answer] Since the State Council called for improving foreign exchange controls, every area and department has strengthened the management of the utilization of foreign exchange and improved that utilization to get better results. However a few places have been overly loose in granting permission to use foreign exchange, or have used it inappropriately. In particular they have not linked up sufficiently with the creation of foreign exchange through export. In some places, where there is a huge inventory of imported commodities, they still continue to import. Some places have imported too many machines but not enough technology. Other places still emphasize the repeated importation of those "small head, large tail" production lines. These are all problems worthy of note.

[Question] What measures have been taken to deal with these current problems?

[Answer] Each area and department must seriously implement the state-approved plan for the use of foreign exchange. They must utilize foreign exchange for projects that can increase exports and foreign exchange revenue, on technology and critical equipment so necessary for the construction of the four modernizations, and on projects to develop energy, transportation, harbors and so on. They must severely curtail the use of foreign exchange to maintain excessively high speeds of production, to expand the scale of investment in fixed assets, or to import market materials for the purpose of earning a high rate of profit in RMB. At the same time, they must do a good job in export trade to earn more foreign exchange, and take measures to raise the enthusiasm of enterprises that produce for export. In negotiating foreign loans and the issuing of bonds, each area and department is subordinate to the People's Bank of China, and these activities shall be included in state plans. At the same time, practical measures and RMB support funds must be implemented so that borrowed foreign exchange can really be used in urgently needed production and construction. In addition, we must continue to investigate illegal activities in the sphere of foreign exchange. Any illegal behavior that has been confirmed via investigation must be dealt with according to the "Detailed Rules and Regulations Regarding Penalties For Illegal Activities Involving Foreign Exchange Control." Speculative trading in foreign exchange and foreign exchange certificates must be resolutely and regularly attacked.

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CSO: 4006/151

## FOREIGN TRADE AND INVESTMENT

### USE OF ECONOMIC LEVERS TO PROMOTE EXPORTS URGED

Shenzhen SHENZHEN TEQU BAO in Chinese 23 Sep 85 p 1

[Article by Wang Yaotian [3076 1031 3944]: "Make Full Use of All Economic Levers To Encourage Exports"]

[Text] Exports form the material basis for foreign trade, the importation of foreign capital and technology, and all economic activities with foreign countries. Without a certain amount of exporting, the foreign exchange, capital and technology needed by the state in its economic construction would be limited.

According to the world economy expert, Maikelopusi [6771 0344 3157 2528 2448] the tripling in this century of China's industrial and agricultural gross output value implies an annual increase of 10 percent in the export of manufactured products, and of 5 percent for primary products. Judging from the current situation, if we do not take some special measures to expand exports, maintaining this growth rate will be difficult. Therefore, expanding exports ought to become the number one task for China's current work in economic dealings with foreign countries.

The experiences of many countries show that economic levers, such as prices, taxes (including domestic as well as customs taxes), credit, foreign exchange rates and bonuses, can be used as regulators. The comprehensive utilization of these diversified economic levers can sometimes play an important role in correcting problems in exporting.

#### 1. Prices

As the economic reform proceeds, some new problems in gaining mastery over prices have been discovered. For example, a number of first-category materials such as raw and processed materials allocated by the state plan now have been changed to the third category. Demand is greater than supply in the domestic market for most raw materials, and prices have risen to varying degrees. But the Ministry of Foreign Trade must set prices for foreign sales according to the international market, and given the intense competition now on that market, the prices of some commodities have not only not risen, but have fallen. Figuring according to current costs and exchange rates, some industrial departments believe that "foreign sales are not as good as domestic sales," while some foreign trade departments cannot find sources for materials, which has obstructed the

export of many products. According to the guiding principles of the economic reform in the price system the command planning system in setting prices for first-category goods must be strenuously reduced , while guidance and the role of the market should be increasingly used in this endeavor. Given this situation, exporting in China needs even more to use the price lever in a regulatory role. In the present situation in which price changes on the domestic market are unfavorable to exporting, state departments of materials supply and price control agencies could provide preferential prices and favorable distribution of raw materials needed by export enterprises according to regulations. State transport and public utilities agencies could give definite discounts to export enterprises in providing various kinds of services. Consciously using the lever of price to lower export costs and increase the competitiveness of export commodities on the international market requires the implementation of special price controls and policies over export materials.

## 2. Taxes

Taxes form an important economic lever. The present income tax rate on most of China's enterprises is 55 percent, plus regulatory taxes. The excessive tax burden carried by export enterprises has increased their costs and decreased their competitive ability on the international market. Financial departments should reduce or eliminate domestic taxes on export goods or give approval to refunding these amounts during the process of exporting them. Although China currently practices such a policy for imported raw materials due to the tactic of letting "imports support exports," there are too many complicated procedures and restrictions involved. This type of tax policy which discourages exports is a major hindrance to our present efforts to stimulate exporting.

## 3. Credit

Some banks in foreign countries grant preferential treatment in credit to export enterprises, such as the ability of export enterprises to apply for low-interest loans from banks as long as they have signed a contract with a foreign concern or received a letter of credit. The banks in some countries also provide export credit to support their countries' exports. But China lacks the practice of granting such favorable loans and interest rates to export enterprises.

## 4. Foreign Exchange Rates

Policies that correspond to the open door policy should be swiftly created.

## 5. Export Bonuses

All nations commonly use economic levers and encourage exports. There are various types of bonuses that are granted to local export enterprises and individuals. Some countries that have a system of foreign exchange controls allow export enterprises to retain a certain amount of their foreign exchange income. Although China now allows 25 percent to be retained, in

reality this amount is appropriated bit by bit at every level to the extent that some enterprises that produce for export do not even receive half of that stipulated amount. Our foreign trade sales personnel cannot be motivated due to the lack of appropriate bonuses for developing new export products or opening up new foreign markets for our exports. As a result, some personnel would rather do less and make fewer mistakes than use their heads to think up ways to develop new products and markets.

To stimulate China's export trade involves dealing with some basic root questions and causes, such as the technological improvement of traditional industries, the creation of new industries, altering the export commodity mix, raising the quality of export products, and so on. However these problems cannot be resolved overnight. If under the present conditions, we can fully utilize the various economic levers in exporting, China's export trade may take on a new look.

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## FOREIGN TRADE AND INVESTMENT

### LIAONING EXPORT BASE SEEKS FOREIGN COOPERATION

Shenzhen SHENZHEN TEQU BAO in Chinese 23 Sep 85 p 2

[Article by Lang Jing [6745 2417]: "Liaoning's New Large-Scale Export Commodity Base Welcomes Foreign Cooperation"]

[Text] Jinzhou, the new industrial city on western Liaoning Province's coast is currently cooperating with foreign investors to build a large-scale comprehensive export commodity base.

Jinzhou's mayor, He Zhanshan [5710 0594 1472] told this reporter on the eve of international negotiations concerning economic and technological cooperation, that he welcomed the presence of even more foreign investors to engage in diversified economic and technological cooperation projects and to construct together (with China) the export base. Hu Zhanshan explained that Jinzhou was the economic and cultural center and base for collection and distribution of goods and materials for the western part of Liaoning Province. The city's total population is 4,570,000; its total area is 17,800 sq km. The region is rich in 30-odd mineral products, such as coal, molybdenum, copper, zinc, petroleum, fluorite, montmorillonite and pearlite.

It produces high quantities of gaoliang, corn, cotton, peanuts, fruits and other agricultural products; the city has more than 2,000 enterprises, including petroleum processing, metallurgy, machine-industry, coal, electric power, textiles, plastics, construction materials, papermaking, leather products, food products and clothing. Last year the total amount of export commodities purchased came to 210 million yuan, and 139 different product varieties were exported. Jinzhou City now has foreign trade relations with over 40 countries and regions of the world.

Mayor Hu said that the comprehensive export base now being built will be a base primarily for the metallurgy, petrochemical, textile, and agricultural byproducts and special products industries. At present the metallurgy and petrochemical production base has oil refining plants and other focal enterprises that have the ability to process annually 75,000 tons, and which provide for export gasoline, naphtha, isopropyl alcohol, caustic soda, wu lu hua er fan [0063 3048 0553 1422 4345], metallic chromium, chromium chloride, etc. The textile export base has processing equipment and a weaving and dyeing capacity to provide over 1 million articles of clothing for export. Other export commodity bases have a definite

production scope, such as the several new shrimp-raising farms, the fur-processing plant with a 2 million-piece production capacity, the agricultural and processing bases that can produce over 2 million dan of peanuts and more than 200 tons of canned asparagus.

The mayor said that importing foreign capital, advanced technology and equipment, and improving processing capacities and product quality and developing new products are the focal points of cooperation between foreign investors and the export bases which are now in the process of construction and development. As far as foreign investors are concerned, their profits are guaranteed. Foreign businessmen who have already invested their money in cooperation projects with Jinzhou City to construct the export bases have all gotten economic results.

12221/12781  
CSO: 4006/151

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## FOREIGN TRADE AND INVESTMENT

## EXPORT LICENSES REQUIRED FOR 21 COMMODITIES

Shenzhen SHENZHEN TEQU BAO in Chinese 23 Sep 85 p 1

[Article: "Ministry of Foreign Trade Announces That Export Licenses Will Be Required for 21 Commodities"]

[Text] The Ministry of Foreign Trade recently issued an announcement stipulating that as of September 20, export licenses will be required for 21 commodities.

The 21 commodities include: leather work gloves, silk, porcelain, frozen shrimp, Chinese chestnuts, honeydew melons, Wulong tea, hairbrushes, soybean cakes and dregs, cassia bark and oil, hemp and textile products, bluish dogbane, jute and hempen products, gunny sacks, toilet paper, chloromycetin, Tianjin pears, and Shatian pomelos; with the exception of the leather work gloves and silk for which licenses shall be issued by the Ministry of Foreign Trade, licenses for all commodities shall be issued by provincial, city and autonomous region foreign trade bureaus.

In order to do a good job in this work, the Ministry of Foreign Trade stressed that export licenses must be applied for using the appropriate procedures for all units (including special economic zones and the Hainan Administrative District, and for all forms of foreign trade (including domestic processing of imported materials, compensatory trade, Chinese-foreign joint ventures, etc.). Customs shall then inspect and pass exports on the basis of these licenses. Any commodity involving falsification or that lacks an export license shall be dealt with by Customs as an infraction of regulations or as smuggling.

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CSO: 4006/151

FOREIGN TRADE AND INVESTMENT

TEXT OF REGULATIONS ON TECHNOLOGY IMPORT CONTRACTS PUBLISHED

Shenzhen SHENZHEN TEQU BAO in Chinese 23 Sep 85 p 2

[Regulations approved by the State Council on 26 August, 1985 and issued on 18 September by the Ministry of Foreign Trade: "Regulations on Approving Technology Import Contracts"]

[Text] Article I. The following regulations have been established according to the "Regulations of the People's Republic of China Regarding Technology Import Contracts."

Article II. The following types of technology import contracts must all be submitted to the government for approval via the appropriate procedures no matter what country the supplier comes from, the source of capital, or the methods of payment:

1. Contracts involving the transfer or licensing of industrial property rights or technical knowhow.
2. Technological service contracts, including entrusting foreign enterprises or conducting together with foreign enterprises feasibility studies or engineering design projects; employing foreign geological prospecting or engineering teams to provide technological services; entrusting foreign enterprises to provide technological services regarding enterprise reform, improvements in production skills or product design, quality control and enterprise management. This does not, however, include contracts to employ individual foreigners to hold positions in Chinese enterprises.
3. Production cooperation contracts involving the transfer of industrial property rights and technical knowhow. This does not include the simple assembly of parts or the processing of imported materials or the production of products according to imported samples.
4. Contracts that provide complete sets of equipment such as plant, workshop, or production line and which have as their goal the transfer or licensing of industrial property rights and technical knowhow and the provision of technical services.

5. Contracts for the purchase of machinery, equipment or materials that involve the transfer or licensing of industrial property rights and technical knowhow and that provide for technological services. However, this does not include the simple purchase or rental of machinery, equipment or materials, but merely provides technical materials such as instructions on random operation and maintenance, or general maintenance services.

Article III. These procedures must be followed to gain approval for contracts involving foreign enterprises, joint capital ventures, or joint cooperative ventures within the People's Republic of China in order to import technology from foreign investors or other foreign sources.

For contracts in which foreign investors use industrial property rights or technical knowhow as equity, the application procedures stipulated in the "Regulations for Joint Capital Ventures in the People's Republic of China" should be followed.

Article IV. Technology import contracts are to be reviewed under the following conditions:

1. According to current norms, all contracts involving feasibility study reports or similar reports for projects above quota approved by the State Planning Commission must be reviewed by the Ministry of Foreign Trade.
2. According to current norms, all contracts approved by the relevant State Council departments or bureaus directly subordinate to it, involving feasibility study reports or projects below the quotas for feasibility study reports, are to be reviewed by the Ministry of Foreign Trade or the relevant departments of the State Council and bureaus directly subordinate to it entrusted by the Ministry of Foreign Trade. "Technology Import Contract Licenses" are to be issued by the Ministry of Foreign Trade.
3. All contracts involving feasibility study reports or projects below the quotas for feasibility study reports approved by provinces, autonomous regions, municipalities directly under the control of the central government, special economic zones, open coastal cities with autonomous economic decision making authority are to be reviewed by the relevant foreign trade bureaus (offices, commissions). All contracts approved by cities or counties involving feasibility study reports or similar reports for projects above quota are to be reviewed by foreign trade bureaus (offices, commissions) of the province, autonomous region or municipality directly controlled by the central government to which the city or county belongs.
4. All technology import contracts between foreign enterprises, joint capital ventures, joint cooperation ventures and foreign investors or other foreign sources, with the exception of cases mentioned in Item 2 of Article III, are to be reviewed by the foreign trade bureau (office, commission) of the province, autonomous region, municipality directly under the control of the central government, special economic zone, open coastal city or city with economic decision making autonomy where the enterprise in question is registered.

Article V. The following documents related to the above-mentioned technology import contracts should be sent by the contract's recipient within 30 days of signing to the appropriate agency to be reviewed and approved:

1. Application form;
2. A copy of the contract and a translated version;
3. Documents demonstrating the legal status of both signatories. When necessary, the reviewing agencies may request that the applicants supply other documents and materials needed in the process of review and approval.

Article VI. Upon receiving an application, the reviewing agency should examine the following matters:

1. Whether the contract meets the requirements set forth in the approved feasibility study or similar documents.
2. Whether the provisions of the contract are complete.
3. Whether there are clear, rational regulations in the contract concerning the transfer of property rights over the technology, and responsibility in case of a dispute over said rights.
4. Whether there are rational regulations in the contract concerning the technological level which is to be reached by the transferred technology, including guarantees as to the quality of products produced utilizing the technology in question.
5. Whether prices and means of payment stipulated in the contract are reasonable.
6. Whether regulations in the contract concerning the rights, responsibilities and obligations of all parties are clear, reciprocal and reasonable.
7. Whether there are any promises in the contract concerning preferential tax treatment not approved by China's tax agencies.
8. Whether there are any provisions in the contract that are in violation of China's current laws.
9. Whether there are any provisions in the contract that are harmful to China's sovereignty.

Article VII. Review agencies should complete their review within 60 days of receiving the contract application form:

1. Review agencies should issue a uniform "Certificate of Approval for Technology Import Contracts" as printed by the Ministry of Foreign Trade for all approved contracts.

2. Review agencies should offer an explanation at an early date as to the reasons for refusing approval of a contract, and request that the recipient signatory unit renegotiate with the supplier of the technology, so that alterations can be made which will lead to approval.

In order to facilitate the review and approval process, the recipient negotiating unit can, before or during negotiations, seek the advice of the review agency concerning the main content or certain clauses of the contract, and request a preliminary review.

Article VIII. After receiving governmental approval, review agencies should send a copy of the "Certificate of Approval for Technology Import Contracts" together with the contract and relevant data to the Ministry of Foreign Trade for registration. The Ministry of Foreign Trade will issue a separate announcement concerning specific regulations regarding the reporting of data.

Article IX. When engaging in activities such as applying for bank guarantees, settlement of exchange, making payments, reporting to customs, paying taxes or applying for tax credit as part of the implementation of a technology import contract, the "Certificate of Approval for Technology Import Contracts" or a copy must be shown. If the certificate or a copy is not shown, the bank, Customs or tax bureau has the right to refuse acceptance of any said application.

Article X. If during the execution of the contract, substantial alterations are made in it or in its time limits, a reapplication for review and approval must be made according to these regulations.

Article XI. The Ministry of Foreign Trade is responsible for interpreting these regulations.

Article XII. These regulations shall go into effect on the day they are issued.

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CSO: 4006/151



## FOREIGN TRADE AND INVESTMENT

### OPEN DOOR POLICY USED TO DEVELOP FORESTRY INDUSTRY

Shenzhen SHENZHEN TEQU BAO in Chinese 23 Sep 85 p 1

[Article: "China's Open Door Economy and Technological Cooperation Encourage Development of Forestry Production"]

[Text] China is energetically using the open door policy in the economy and technological cooperation to develop forestry production. Free grants and low interest loans totaling \$165 million have been received to date, and have been used in 22 cooperative projects, of which 3 are already basically completed, while the rest are in the process of being implemented. These projects using foreign capital include: aid from the World Grain Planning Commission to create forests, plant grass and improve economic forests; loans from the World Bank to improve forestry research centers in the northwest, northeast, south central, southwest and other areas, and to set up 10 stations for the popularization of forestry technology; cooperation with the FAO and the Italian Government to develop olive production, and with the FRG to further the cultivation of poplars; cooperation with Canada to build forest fire prevention centers, etc.

In addition, China's Ministry of Forestry has imported from abroad over 30 types of large-scale sets of equipment and improved technology, with a total worth of more than \$100 million. This included seven sets of equipment to produce synthetic boards, which can increase our production of synthetic boards by over 36 million cu m. At present negotiations are being held for over ten other projects involving technological improvement and the importation of technology.

In the last few years, remarkable success has been achieved in the importing of forestry resources. Over 2,000 batches of seeds have already been imported. The European and American poplar, the North American shidisong [3440 0966 2646] and other trees have become major sources of seedlings for creating more quick-growing, productive forests in China. Over 500 million European and American poplar trees have been popularized and 12 million mu of fast-growing, productive poplar forest has been planted. Its per unit small-area yield has already surpassed advanced foreign levels.

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## SPECIAL ECONOMIC ZONES

### SHENZHEN DELEGATION VISITS HUNGARY, CZECHOSLOVAKIA

Shenzhen SHENZHEN TEQU BAO in Chinese 6 Sep 85 p 1

[Article: "Zhou Xiwu Leads Foreign Trade Delegation to Hungary and Czechoslovakia; Shenzhen SEZ Opens Door to Socialist Countries"]

[Text] An economic and foreign trade delegation from the Shenzhen SEZ led by Zhou Xiwu [6650 3305 5294], vice mayor of Shenzhen, visited the People's Republic of Hungary and the Socialist Republic of Czechoslovakia from 8 August to 2 September in order to explore the possibilities of initiating economic and technological cooperation and foreign trade activities between the SEZ and socialist countries.

While in Hungary, the delegation visited the Budapest Automobile Plant, the Miskolcs City mechanized pig slaughter house and meat processing plant and the Sha er wa er [3097 1422 3907 1422] City mechanized chicken slaughter house. Later the delegation signed an agreement to import mechanized slaughtering equipment with the Hungarian Factory Equipment Trading Co and to cooperate in the creation of a mutually run meat-processing plant.

While in Czechoslovakia, the delegation visited the Liberec City glass factory and the Czech glassware exhibit, and learned about the production and foreign sales of traditional Czech glass products. The delegation also visited the Ostrava City beer factory, Hradec and the Kralove City food-processing machine tool plant. The delegation signed an agreement with the Czech Glassware Export Co to engage in foreign trade and technological cooperation, and agreed with the Czech Technology Export Co to cooperate on a beer plant.

The Hungarian deputy minister of foreign trade, Ambrus, and the Czechoslovak deputy minister of foreign trade, Rehorek, met with the Shenzhen delegation.

While in Prague and when passing through Moscow on the way home, Vice Mayor Zhou Xiwu was invited by our embassies in Czechoslovakia and the Soviet Union to talk about current developments in the Shenzhen SEZ.

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CSO: 4006/151

## SPECIAL ECONOMIC ZONES

### SHENZHEN STRENGTHENS LEGAL WORK

Shenzhen SHENZHEN TEQU BAO in Chinese 6 Sep 85 p 1

[Article by reporter Fu Jianguo [0265 1696 0948]: "Shenzhen SEZ Strengthens Legal Work; Guarantee the Healthy Development of Economic Construction; 13 Special Regulations Promulgated, While Others Are in the Process of Being Drawn up or Reviewed"]

[Text] The Shenzhen SEZ continues to strengthen its legal work. The number of special regulations have increased to 13. These have been designed to consolidate via legal means, the guiding principles and policies of the Shenzhen SEZ, and its preferential treatment of foreign businessmen. In this way, China's sovereign rights and economic interests, and the legal rights of investors, can be protected, thus promoting the smooth development of economic construction in the Shenzhen SEZ.

The law forms a major part of the investing environment in the SEZ, and investors are very concerned about it. After the NPC Standing Committee approved the "Regulations for Guangdong Province's Special Economic Zones" in August of 1980, in November 1981 it passed a resolution granting the people's congresses of Guangdong and Fujian provinces and their standing committees the right to create economic regulations for the SEZ's belonging to them. In 1981, the Shenzhen SEZ began to organize its forces and employ the appropriate experts to draw up related regulations. By last October the standing committee of the provincial people's congress had passed nine separate sets of regulations, including the "Regulations Concerning Economic Contracts with Foreign Nationals in the Shenzhen Special Economic Zone." Since the end of last year, four other related regulations were either approved by the state council and the standing committee of the Guangdong Province People's Congress, or given to the Shenzhen Government to promulgate and implement. They included: regulations from the State Council concerning the reduction or waiver of enterprise income tax in the SEZ's and 14 coastal cities, and the temporary creation of a unified industrial and commercial tax; regulations concerning adjustments in land-utilization fees in the Shenzhen SEZ and favorable tax treatment; regulations concerning foreign banks and joint capital banks in the SEZ's; regulations concerning trade unions in enterprises in Guangdong's SEZ's. The promulgation of these regulations have further improved the investment environment in the SEZ's.

Along with rapid economic development in the Shenzhen SEZ have appeared some new industries and various types of economic relations. Shenzhen's legal departments have, while following the constitution, proceeded from the real

situation in the SEZ, and borrowed certain workable methods from Hong Kong, Macao and abroad. They have drawn up or are in the process of drawing up new regulations to professionalize the SEZ's laws. According to our understanding, the following regulations have already been submitted for approval: regulations concerning contacts between SEZ and inland personnel; regulations concerning industrial and commercial taxes in the SEZ's; SEZ corporation laws; regulations concerning property mortgages and loans in the SEZ's; and SEZ enterprise accounting regulations. At the same time, regulations regarding bankruptcy and land management in the SEZ's are in the process of being drawn up. The promulgation and implementation of these regulations will further increase the foreign businessmen's confidence in investing.

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## SPECIAL ECONOMIC ZONES

### SHENZHEN CONSTRUCTION COMPANY WINS PRAISE IN XIAMEN

Shenzhen SHENZHEN TEQU BAO in Chinese 6 Sep 85 p 1

[Article by reporter Ye Zhaoping [5509 0340 1627]: "Shenzhen Construction Co Wins Praise in Xiamen; Company Consistently Wins in Bidding and Finishes Four Projects in Five Months; Work of Excellent Quality"]

[Text] Since opening up the Xiamen engineering contract market this March, the Shenzhen Construction Co has consistently won in contract bidding due to its rapid-speed, high-quality work. In the last 5 months, the company has completed four basic construction projects, winning the praise of the Xiamen City Construction Commission for its high-quality work.

The company is Shenzhen's only construction team working in the Xiamen construction market. After the registration and establishment of a branch company in Xiamen, everyone in the company from top to bottom resolved to provide engineering assistance to Xiamen of the highest quality to aid in the construction of that city. The topography involved in the Ciaxia Apartments project was complicated, and tearing down the mountain was difficult, as were Xiamen's demands, which caused some other construction companies to hesitate. Xiamen placed its hopes on the Shenzhen Construction Co to tackle the difficult job. The company had just organized a branch in Xiamen at the time, and many personnel and much equipment were still in Shenzhen. The company speedily dispatched people to work day and night transporting equipment to Xiamen, and in 7 days work began. The workers overcame countless difficulties and in only 70-odd days installed 68 pilings. After a painstaking inspection by the relevant departments, the work was found to be of superior quality, and won the praise of the Xiamen Housing Bureau.

The company possesses fairly advanced new equipment for installing pilings, and has a great capacity. In construction management, it has strict regulations. Therefore, when faced with a particularly difficult construction project with a tight schedule, the Xiamen City Construction Commission seeks out the local branch office of the Shenzhen Construction Co. One of Xiamen's major construction projects is the 21-floor Seaside Building, located on a beach landfill along the Lu Jiang. The earth beneath the projected building is sandy, loose and rocky, which posed many difficulties for the builders. The Shenzhen Construction Co won the bid to construct the building. They carefully designed a construction plan

suitable to local conditions, and began work by adopting the method of "laying pilings by first digging a pit." The work went smoothly and was of high quality. The project was completed ahead of schedule.

The company has just won a contract to build Fujian Province's largest construction, the Minnan Building. Work began on August 1, and in only 20-odd days, over 30 pilings were laid.

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LABOR AND WAGES

BRIEFS

TIANJIN T.U. COUNCIL CHAIRMAN--After a 2-day meeting, the 8th Enlarged Plenary Session of the 10th Tianjin Municipal Trade Union Council concluded on 28 March after fulfilling various anticipated tasks. The session approved the resignation submitted by Comrade Huang Shuyou from his post of chairman of the municipal Trade Union Council and fully acknowledged the achievements scored by him in trade union work over the past many years. Meanwhile, in line with the proposal of the Standing Committee of the Municipal Trade Union Council, the session elected Pan Yiqing [3382 5030 3237] an additional member of the municipal Trade Union Council and chairman of the council. [Text] [Tianjin TIANJIN RIBAO in Chinese 29 Mar 86 p 1 SK] /6662

SHANGHAI T.U. COUNCIL CHAIRMAN--The Shanghai Municipal Trade Union Council held the seventh (enlarged) meeting of its seventh executive committee on 3 and 4 April. Wu Bangguo, deputy secretary of the Shanghai Municipal CPC Committee, attended and addressed the meeting. The meeting elected Jiang Rong [3068 2837] chairman of the Municipal Trade Union Council and Zhang Liangzhi [1728 5328 1897] an additional vice chairman of the Municipal Trade Union Council. The meeting adopted a resolution on launching a thorough socialist labor emulation drive and called on the workers and staff in Shanghai to vie to contribute to fulfilling the Seventh 5-Year Plan and to Shanghai's development. [Excerpt] [Shanghai JIEFANG RIBAO in Chinese 5 Apr 86 p 2 OW] /6662

SHANDONG LABOR EXPORT INCREASE--Shandong Province has achieved steady progress in labor exports to foreign countries. As of now, the province has labor contract relationships with more than 10 foreign countries and regions, including Spain, Iraq, Japan, and Hong Kong. In 1985 the province signed 19 labor contracts with them, which were worth \$12.83 million, more than a 58-percent increase over the 1984 figure. [Summary] [Jinan Shandong Provincial Service in Mandarin 2300 GMT 5 Apr 86 SK] /6662

CSO: 4006/923



## TRANSPORTATION

### MINISTRY CIRCULAR URGES TRAFFIC SAFETY PROMOTION

OW090338 Beijing XINHUA Domestic Service in Chinese 1452 GMT 8 Apr 86

[Text] Beijing, 8 Apr (XINHUA)--The Ministry of Communications issued a circular today, calling on all local communications departments to take immediate action to ensure safety on the roads and improve the current serious road traffic situation.

The circular said: Road accidents in the country were rather serious in 1985. According to statistics, some 11,000 traffic accidents occurred in areas under the jurisdiction of communications departments last year, claiming over 29,000 lives, injuring another 76,000 people, and losing more than 101 million yuan in immediate economic losses. Traffic accidents continued to rise in most localities during the first quarter of this year. All local communications departments should take immediate action to vigorously carry out the pressing task of ensuring traffic safety.

The circular said: It is necessary to implement the fighting goal of the Ministry of Communications, published in November 1985, calling for "reducing the annual mortality rate per 10,000 cars by 5 to 10 percent during the next 3 years, and maintaining the 4 categories of statistics concerning traffic accidents below the average of those for the preceding 3 years." All local traffic supervisory organs should assign sufficient personnel to ensure traffic safety on all roads and crossroads in the areas under their jurisdiction. It is necessary to pay special attention to main highways and sections of roads prone to accidents, in order to ensure smooth and safe traffic.

The circular urged all localities to step up training of traffic supervisory personnel so that they can regard "honesty and impartiality in performing their duty, dedication to work, and courtesy in serving the people" as their goal, conscientiously resist unhealthy tendencies, and compete to become a civilized unit or individual.

The circular urged all local communications departments to undertake general traffic inspection, in coordination with the nationwide safety inspection, focusing on inspection of units and individuals owning vehicles, and requirement for, and regulations concerning, safety in economic structural reform and the economic responsibility system.

/6662

CSO: 4006/916

25 April 1986

## TRANSPORTATION

## CHANG JIANG WATERWAY TRANSPORTATION SET TO DEVELOP

HK050215 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 4 Apr 86

[Text] The first plan to be put forward since the founding of the state for developing waterway transportation on the Chang Jiang system, which has been approved by the Ministry of Communications, will be gradually put into effect beginning this year. This plan is the result of more than 1 year's cooperation between the waterway transport departments of 10 provinces and 2 cities situated in the Chang Jiang system.

The main goals of this development plan are to gradually achieve over 15 years the initial systematization of waterways, ports, vessels, communications, and the waterway transport industry, and to gradually form a transport system based on the main stream of the Chang Jiang, with free traffic flow on the main stream and the tributaries and joint waterway and land transport.

To achieve these goals, it is planned to tidy up the mainstream and 32 tributaries of the river, to enable 1,000-ton ships to sail direct from Shanghai to Yibin in Sichuan. The number of ports handling more than 100,000 tons of freight a year will be increased from the present 136 to 175. Total freight-handling capacity of the ports will reach 830 million tons. Annual passenger transport capacity will reach (?100) million, and freight transport capacity will reach 600 million tons.

Lin Zuyi, vice minister of communications, demanded at the third meeting of the Chang Jiang Waterway Transportation Consultation Commission, which concluded in Wuhan today, that all the units concerned get a good grasp of preparatory work for implementing this plan.

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CSO: 4006/916

## TRANSPORTATION

### SICHUAN REPORTEDLY DEVELOPING TRANSPORT FACILITIES

HK080634 Beijing ZHONGGUO XINWEN SHE in Chinese 1406 GMT 4 Apr 86

[Report: "Sichuan Is No Longer Difficult To Access"--ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 4 Apr (ZHONGGUO XINWEN SHE)--"The transport situation in Sichuan, which was previously described as difficult to access, has changed. The handling capacity of railways and waterways in the province now exceeds demand."

Jiang Minkuan, 56-year-old governor of Sichuan Province, told this reporter about the transport situation in his province. He was elected to a people's deputy to the NPC.

Sichuan Province accounts for about one-fifteenth of the country's total area. Apart from the plain around Chengdu City, most of the province is covered with mountains and hills. In ancient times, all roads leading to Sichuan were regarded as dangerous.

In the past 5 years, Sichuan gave priority to the construction of its transport facilities, energy industry, and communications in the course of reforming the old economic system and developing horizontal economic ties. In the field of water and land transportation, the province has broken the barriers between different trades and between different localities and has readjusted the structure of its transport industry. It has made joint ventures with Hubei, Jiangsu, and Shanghai to develop water transportation along Changjiang. This has given rise to such private shipping companies as the "Minsheng" Corporation.

Governor Jiang Minkuan also provided some figures for this reporter: During the period of the Sixth 5-Year Plan, the total volume of goods transported reached 147.4 billion kilometer-tons. This is an increase of 33.8 percent over the period of the Fifth 5-Year Plan. Total volume of passengers transported reached 98.4 billion person-kilometers, or twice that of the period of the Fifth 5-Year Plan.

He also told this reporter about some major projects for the period of the Seventh 5-Year Plan:

--The Sichuan Xinan Airline will join with CAAC in opening air services to Bangkok and Hong Kong via Kunming. The Sichuan Air Company which runs air services inside the province will buy some new airplanes and expand its business.

--Rivers inside the province will be further dredged for navigation. The middle and upper reaches of Jinshajiang will be harnessed, and piers and warehouses will be built. Hovercrafts will be used on major waterways so that transport capacity with the current and against the current will be balanced.

--A T-shaped major highway will be built across the province and this will become a trunk line in Sichuan's highway network. Existing highways totalling some 60,000 kilometers will be improved and widened.

--Railways between Sichuan and Guizhou, and Sichuan and Hunan, will be electrified. The haulage capacity of the Chengdu-Kunming railway will be increased.

Jiang Minkuan said: "Sichuan is located in the western economic zone of China and is the province which is most economically developed. It has the best transport conditions in this region. So we are willing to act as a vanguard and will join hands with other provinces in promoting common development.

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CSO: 4006/916

25 April 1986

## TRANSPORTATION

## BRIEFS

PORT FREIGHT TRANSPORT FORUM--On the basis of last year's volume of exported goods transported through medium-sized and small ports, it is necessary to increase the volume of exported goods handled there by 25 percent this year in order to relieve 15 large ports in the whole country of a heavy workload possibly emerging again this year. This is a policy which was formulated by the national forum on foreign trade and freight transport through local ports held at the Fangcheng Port Bureau from 28 to 30 March. The forum, held by the Ocean Shipping Bureau of the Ministry of Communications, was attended by 54 representatives from 35 units of Zhejiang, Fujian, Liaoning, Shandong, Guangdong, and Guangxi. At the forum, the representatives demanded vigorously and on their own initiative that they relieve the pressure on the large ports. [Excerpts] [Nanning Guangxi Regional Service in Mandarin 1100 GMT 2 Apr 86 HK] /6662

CSO: 4006/916

PUBLICATIONS

BRIEFS

JINGJI RIBAO SPECIAL FORTNIGHTLY ISSUE--Beijing, 4 Apr (ZHONGGUO XINWEN SHE)--Commencing today, JINGJI RIBAO will publish a new special fortnightly issue, introducing its readers to international financial information, developments, theory and practice, and the major activities and policies concerning China's external financial relations. The special issue entitled "International Finance and China's External Relations" is a joint publication by JINGJI RIBAO and the People's Bank of China. In the first issue published today, Liu Hongru, vice president of the People's Bank of China, said that the purpose of publishing the special issue is to enhance the studies of international finance and to transmit international economic and financial messages and developing trends to society. Other items carried in the first issue include a JINGJI RIBAO reporter's interview with the responsible person of the external affairs bureau of the People's Bank of China concerning the Asian Development Bank; the business of the Asian Development Bank; international financial market quotations; international financial information; and comments on international finance. [Text] [Beijing ZHONGGUO XINWEN SHE in Chinese 1321 GMT 4 Apr 86 HK] /6662

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